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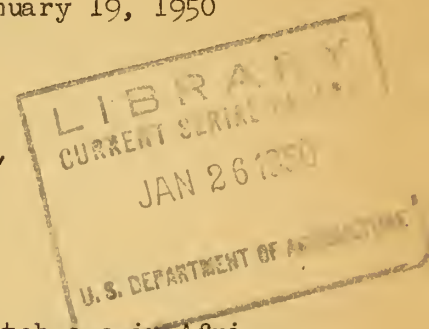
FT-1-50

January 19, 1950

FOREIGN MARKET NOTES--TOBACCO

The Tobacco Situation in Nyasaland 1/

By George W. Van Dyne



Nyasaland is the fourth largest producer of leaf tobacco in Africa, being surpassed only by Southern Rhodesia, Algeria, and the Union of South Africa. Most of the production is exported and tobacco is Nyasaland's principal export commodity. The United Kingdom takes most of the exported leaf. The domestic manufacture of tobacco products is limited almost entirely to local requirements. There is practically no export of products, and imports of them are negligible.

Production

Various United States dark types of tobacco were introduced into Nyasaland a few years after the country was taken over by the British Government as a Protectorate in 1891. At the beginning of the present century, European tobacco growers in the Protectorate catered to the increasing demand in the United Kingdom for milder, brighter tobacco and introduced lighter United States flue-cured leaf.

The Imperial Preference since 1919 has given additional encouragement to the European growers, who until then had produced all the country's flue-cured tobacco. Shortly after 1919 the Europeans began teaching the natives how to grow and cure United States heavy dark-fired type. The leaf was both fire-cured and sun-cured. By 1926-27 production in Nyasaland reached a total of 18,071,000 pounds, of which 9,132,000 pounds were flue-cured and most of the remaining 8,940,000 pounds were fire-cured. After this bumper crop, production of flue-cured leaf decreased rapidly, as a result of curtailed purchases by United Kingdom buyers. By the end of World War II, production of flue-cured leaf had fallen below 2,000,000 pounds, but production of fire-cured leaf had risen to 15,114,000 pounds, sun-cured to

1/ Preliminary report of a study of foreign market outlets and competition with United States tobacco, conducted under the provisions of the Research and Marketing Act.

3,532,000 pounds and total production to 20,583,000 pounds, of which native growers produced 18,353,000 pounds. The production of Canadian Burley types is gaining slightly and further expansion is planned. Attempts to grow Turkish type leaf have been abandoned.

Nyasaland's most important tobacco producing districts are in the Central Province around the towns of Lilongwe and Dowa, and in the Southern Province near Blantyre, Cholo, Fort Johnson, Mlanje and Zomba. There are many other districts suitable for the production of tobacco. One of the most promising is the Kasungu district about 80 miles north of Lilongwe. The Government has carried out experimental work there during the past three years. Trial plantings of flue-cured types in this district have proved successful, and commercial production will be started during the 1949-50 season.

According to the Tobacco Control Commission total leaf tobacco production during the 1948-49 season was 25,274,000 pounds compared with 28,765,000 pounds for the 1947-48 season and an annual average of 16,311,000 pounds for the five years, 1935-39. The decrease in 1948-49 was due to the severe drought as acreage was expanded. With normal yields the crop would have totaled about 30,000,000 pounds.

Production by types, 1946-47 through 1948-49

Type	1948-49	1947-48	1946-47
	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>
Flue-cured-----	2,903	2,554	2,424
Fire-cured-----	18,211	21,111	19,440
Sun-cured-----	3,109	4,112	3,385
Burley-----	1,051	988	1,158
Turkish-----	-----	-----	3
	25,274	28,765	26,410

The American auction system of selling tobacco which was started in Nyasaland in 1938 was made compulsory beginning with the 1948-49 season. The auction sales floors are located at Limbe where the most important English tobacco companies have their redrying and exporting establishments or agents who perform these services.

According to the Tobacco Control Commission, average prices per pound at Limbe during the past two seasons were as follows: a/

Type	1948-49	1947-48
	United States	United States
	cents	cents
Flue-cured-----	43.42	43.59
Fire-cured-----	33.77	26.34
Sun-cured-----	49.72	34.00
Burley-----	44.80	38.42

a/ Converted from pounds sterling at the rate of \$4.03 per pound..

Imports

The Customs Department at Limbe reports that total imports of manufactured and unmanufactured tobacco during 1948 were only 14,989 pounds compared with 20,094 pounds in 1947. Most of this total was flue-cured leaf from Southern Rhodesia. Imports of leaf tobacco during prewar years were also negligible.

Imports of tobacco products are confined almost entirely to small quantities of cigarettes, the bulk of which were from the United Kingdom. Cigarette imports totaled only 2,558 pounds in 1948 and 2,731 pounds in 1947. During the 5-years, 1935-39, they averaged 4,663 pounds annually.

Very little change is anticipated in imports of leaf and products in the near or distant future, as the country is practically self-sufficient as regards its tobacco requirements.

Local Manufacture

The center of Nyasaland's tobacco manufacturing industry is at Blantyre, which is the administrative headquarters of the Southern Province. A modern well equipped factory in this town now produces all of the Protectorate's domestic manufactured tobacco products. Another factory which is being built at Limbe will start production in 1950.

Production of factory-made products in 1949 has been estimated at 630,000 pounds compared with 560,352 pounds in 1948, and an annual average of about 188,000 pounds during the five prewar years 1935-39. The output of cigarettes, although small, is at present adequate and production during

1949 has been estimated at 275,000 pounds, compared with 251,624 pounds in 1948. Straight Virginia-type cigarettes are produced for the European trade, and brands made from darker stronger tobacco are produced for the natives. It is expected that the increase in the production of cigarettes will be maintained. Cut tobacco is the only other factory-made product. Production of hand-twisted or rolled tobacco used for chewing, and smoking is limited.

Exports of Unmanufactured Tobacco

Nyasaland's exports of leaf tobacco during 1950 are expected to be about double the prewar level. The United Kingdom is by far its oldest and largest market but Egypt, the Belgian Congo, and Sierra Leone also take substantial quantities. The Protectorate's leaf tobacco is also currently shipped to twenty other countries including Sweden, Denmark, Belgium, Holland, British East Africa, and Southern Rhodesia. The short and long-term outlooks for Nyasaland's exports are favorable.

Exports of leaf tobacco during 1948 totaled 23,846,000 pounds compared with 20,008,000 pounds in 1947 and an annual average for the five prewar years, 1935-39 of 12,809,000 pounds.

The following tabulation shows exports of unmanufactured tobacco by countries of destination for the calendar years 1946, 1947 and 1948:

Countries	1948	1947	1946
	1,000	1,000	1,000
	pounds	pounds	pounds
United Kingdom-----	14,119	11,847	11,121
Sierra Leone-----	1,214	1,115	1,473
Algeria-----	130		
Belgian Congo-----	1,411	749	786
Belgium-----	106	477	689
Denmark-----	493	323	1,366
Egypt-----	1,983	2,644	858
Southern Rhodesia---	168	719	15
Sweden-----	256	124	3
Others-----	3,966	2,010	1,421
Total-----	23,846	20,008	17,732

Nyasaland's dark fired leaf and strips represent the bulk of its exports. Exports of them are increasing and the principal destinations are the United Kingdom, Egypt, Sierra Leone, Belgian Congo, and Holland, followed by Northern Ireland, France, Uganda, and Southern Rhodesia. Exports of heavy sun-cured leaf and strips are also increasing and have taken second place from flue-cured leaf. The Protectorate's main markets for sun-cured leaf are the United Kingdom, Egypt, and Denmark, with Belgium, the Belgian Congo, and Uganda taking substantial quantities. Nyasaland's chief markets for flue-cured are the United Kingdom and Sweden followed by Egypt, Northern Ireland, and Uganda. The Protectorate's Burley tobacco, which in the past has gone exclusively to the United Kingdom, was in 1949 also shipped to Egypt and the Belgian Congo.

The following tabulation shows exports of Nyasaland's unmanufactured tobacco and prices per pound, f.o.b. Limbe, by principal types for 1947 and 1948 a/.

Type	1948	1947	Price range
	<u>1,000 pounds</u>	<u>1,000 pounds</u>	<u>United States cents</u>
<u>Leaf</u>			
Dark-fired----	12,995	9,818	25.19 to 30.22
Flue-cured----	1,503	1,593	35.26 to 47.02
Sun-cured-----	2,480	1,714	25.19 to 30.22
<u>Strips</u>			
Dark-fired----	4,763	3,586	30.22 to 33.58
Flue-cured----	572	600	45.34 to 55.41
Sun-cured-----	1,325	2,414	30.22 to 33.58

a/ Price converted from pounds sterling at the rate of \$4.03 per pound.

Exports of Manufactured Tobacco

Nyasaland's exports of cigarettes and cut tobacco are, and have always been, negligible. Total exports during 1948 were only 485 pounds compared with 842 pounds for 1947. The United Kingdom took the bulk of these, but plans are to develop markets in adjacent African countries.



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FOREIGN MARKET NOTES--TOBACCO

The Tobacco Situation in British East Africa 1/

By George W. Van Dyne

British East Africa's production of leaf tobacco has doubled since the prewar years 1935-39. More than half of the production in the region which includes Tanganyika, Uganda, and Kenya, continues to be fire-cured and other dark types; but flue-cured production is expanding rapidly in many districts. Most of the production during the past years has been used for domestic consumption but substantial quantities of fire-cured and flue-cured have been exported, principally to the United Kingdom. A further increase in domestic consumption is anticipated but it is believed that production will increase more rapidly than consumption. Consequently, exports from the areas are expected to expand.

Despite the area's production of flue-cured leaf, consumers continue to prefer United States flue-cured. During past years relatively large quantities of it have been imported, but as a result of exchange difficulties, imports are declining and are expected to continue low until this situation improves.

Production

The total production of leaf tobacco in the three East African areas Tanganyika, Uganda, and Kenya during 1949 has been estimated at 5,540,000 pounds, compared with 6,228,000 pounds in 1948 and an annual average of 2,456,000 pounds during the 5 prewar years, 1935-39. The decrease in the 1949 crop is attributed to a prolonged drought which extended throughout most of the growing season. The acreage planted in 1949 was substantially larger than the 1948 acreage.

1/ Preliminary report of a study of foreign market outlets and competition with United States tobacco, conducted under the provisions of the Research and Marketing Act.

The bulk of East African tobacco is dark-fired. Production of this type in 1949 has been estimated at 3,415,000 pounds, compared with 4,044,000 pounds in 1948 and an annual average of 2,209,000 pounds during the prewar period.

The production of flue-cured leaf has expanded rapidly since prewar years. The 1949 crop totaled about 1,900,000 pounds, compared with the record crop of 2,014,000 pounds in 1948 and an annual average of 34,000 pounds for the 1935-39 period.

It is estimated that 225,000 pounds of air-cured leaf was produced in 1949, compared with 170,000 pounds in 1948 and an annual average of 206,000 pounds during the 5 years 1935-39.

Experiments with cultivation of Turkish types of tobacco have been dropped, but attempts to produce Burley leaf which were begun several years ago are being continued.

The major portion of East Africa's dark-fired and flue-cured leaf tobacco is produced in Tanganyika Territory.

Fire-cured leaf was originally produced in Tanganyika in 1928 from seed brought from Nyasaland. The bulk of the crop now resembles Virginia fire-cured in general appearance; and although it is not comparable in quality it is being used as a substitute.

The chief center for the production of dark fire-cured leaf is in the southern Province in the Songea district. Substantial quantities of this type are also grown in adjacent areas extending from the Matengo Highlands to the Tunduru district, 120 miles eastward. Recent experiments with fire-cured leaf at Kilosa in the eastern Province; and at Biharamullo in Bukoba Province resulted in the production of small lots of leaf of exceptional appearance and quality for Africa. Plans are for increased production in these districts.

Tanganyika's most important flue-cured tobacco producing area is in the Iringa district of the Southern Highlands where this type was first grown just before World War II by Germans from seed originating in the Union of South Africa. It is now being grown by Greek and Indian settlers, who have crossed the original stock with other African flue-cured varieties. Much of the leaf is bright in color and satisfactory in general appearance, but it has an off-type taste. Trial plantings of flue-cured are being made in other districts, and it is planned to increase production substantially for both domestic and export requirements.

In addition to Tanganyika's fire-cured and flue-cured tobacco, strong, dark, smoke-cured leaf of mixed types including some of the Nicotiana rustica specie is grown in many districts scattered all over the Territory. Although production of this leaf is known to be substantial, no accurate production estimates are available as the products made from it are not taxed. The bulk of this leaf is made into roll or twist for smoking or chewing, and significant quantities are consumed as snuff-paste. These products are used almost exclusively by natives. The roll or twist tobacco is processed similarly to that in Nyasaland and Mozambique.

Uganda

Uganda's tobacco industry is extremely important to its economy. Not only are substantial quantities of leaf tobacco produced in the Protectorate but there are two large tobacco factories--one at Kampala and the other at nearby Jinja on Lake Victoria, each of which relies on domestic leaf for the bulk of its output.

Commercial production of dark fire-cured tobacco was first attempted in Uganda in the northern Province at Hoima in 1928. Large-scale production was later developed in Buganda Province, and in the West Province, particularly in the Bunyora district, where, in 1943, a record crop of 3,750,000 pounds was produced. The leaf resembles Nyasaland dark-fired types and is very popular in the native cigarette and shag tobacco trade. Successful trial production of this type has recently been made in several localities in the West Nile and Buganda Provinces, where it is believed that the climate and soil are suitable for substantial expansion.

Air-cured tobacco was first produced in Uganda in 1932 in the West Nile Province. Production has increased in this district, particularly around Arua and Terego where quality has steadily improved. The leaf is lighter than the fire-cured type and is suitable for use in cigarettes and smoking tobacco.

Successful experiments have also been made with flue-cured tobacco in the Arua District, and around Gulu, in the northern Province, where leaf of splendid quality for Africa was harvested during 1949. Greatly increased production over a long period is planned for these districts. The leaf resembles Rhodesian flue-cured in general appearance, has better body and flavor, and is suitable for blending with United States flue-cured in flue-cured type cigarettes.

Kenya

During the past few years, trial plantings of flue-cured tobacco were made in Kenya Colony at Kitui and Sagana in the central Province. In these districts, during 1949 two crops were produced, one during the short rainy season early in the year and one during the long rainy season in the fall.

Rhodesian flue-cured seed was used, and the leaf produced was similar in general appearance but had better body and flavor than Rhodesian leaf. It is reported to be the best quality, flue-cured leaf yet grown in East Africa. Production for 1949 is estimated at 250,000 pounds. Plans are to step up production as rapidly as possible since this is a very desirable type, particularly for domestic flue-cured type cigarettes. In connection with expansion plans, and as insurance against drought, experiments with irrigation from rivers in the districts are being conducted by the leading tobacco manufacturer.

It is also planned to continue attempts to establish commercial production of tobacco in the Kitale district of Kenya, where experiments with the growing of flue-cured and fire-cured tobacco date back to shortly after World War I. Competition from other crops in this district has so far prevented a significant production.

Imports

Imports of leaf tobacco and products into East Africa in 1949, including inter-shipments among the three separate areas, are estimated to be slightly below the 1948 total of 4,507,000 pounds. Imports in 1947 totaled 4,196,000 pounds and the annual average for the years 1935-39 was 2,189,000 pounds.

The bulk of the imports were leaf tobacco for factories in Uganda. Imports of leaf in 1948 entirely for the Uganda factories totaled 3,171,000 pounds compared with 3,123,000 pounds in 1947. Imports during the prewar years (1935-39), which included small quantities into Tanganyika, averaged 740,000 pounds annually. Of the above totals the United States supplied 797,000 pounds in 1948, 1,218,000 pounds in 1947 and an annual average of 176,000 pounds during the 1935-39 period. Other important sources of supply with the exception of Tanganyika, which ships substantial quantities to Uganda, are Nyasaland and India.

With the exception of natives who use products containing mainly dark tobacco, consumers in the three areas prefer products manufactured exclusively from United States flue-cured leaf and when dollar exchange was readily available, manufacturers imported it and produced cigarettes containing 100 percent United States flue-cured or a blend containing a large percentage of it. The unfavorable exchange situation during recent years, however, has forced manufacturers to shift somewhat from the United States leaf to flue-cured from Nyasaland, India, and other soft currency areas.

Domestic Manufacture

East Africa's tobacco manufacturing industry is located in the Uganda Protectorate at Kampala and Jinja. Consumption of tobacco products has been rising steadily, chiefly as a result of increased population and improved purchasing power of the natives. Output will be further stepped-up during 1950 upon the completion of an extension to the factory at Jinja which will make this plant one of the most modern and best equipped in Africa.

The output of tobacco products during 1949 has been estimated at 6,700,000 pounds compared with 6,388,000 pounds during 1948, and an annual average of 5,007,000 pounds for the 5 years, 1935-39.

The products manufactured consist chiefly of dark grade (Kali) cigarettes and dark grade (Kali) Shag tobacco. The manufacture of cigars and cheroots is negligible. No snuff is manufactured commercially.

The consumption of machine-made cigarettes is increasing and there is a growing demand particularly for brighter milder types. This shift in consumer preference is being catered to by the manufacture and sale of attractively packaged brands of cigarettes. Some of them contain a blend of 100 percent United States flue-cured tobacco, and others are blends made of varying percentages of United States flue-cured mixed with flue-cured from domestic production and imported from sources other than the United States.

Exports

In 1949 exports of tobacco leaf and products from the three East African areas including intershipments between the areas totaled about 5,500,000 pounds compared with 5,311,000 pounds in 1948 and an annual average of 1,319,000 pounds during the 5-years, 1935-39. Of these totals, exports of leaf tobacco during 1948 were 3,412,000 pounds. This compares with 1,776,000 pounds during 1947 and an annual average of 888,000 pounds during the 1935-39 period.

In 1948 Tanganyika exported 3,185,000 pounds of leaf tobacco compared with 1,494,000 pounds for 1947 and a prewar annual average of 560,000 pounds. The principal countries of destination were Uganda and the United Kingdom. Other outlets were Zanzibar, Somalia, and Egypt.

Export statistics by types of leaf are not available for the years prior to 1948, but it is known that until 1946 exports consisted almost entirely of fire-cured leaf. Since that year exports of flue-cured have increased rapidly. In 1948 exports of this type totaled 1,987,000 pounds and fire-cured only 720,000 pounds. Exports in 1948 of other unmanufactured tobacco totaled 477,000 pounds and were mainly stems and scrap.

Exports of tobacco products from the areas during 1948 totaled 1,899,000 pounds compared with 1,764,000 pounds in 1947 and an annual average of 432,000 pounds during 1935-39. Uganda was the country of origin for the bulk of these products which in 1948 consisted principally of 1,753,000 pounds of cigarettes. This compares with 1,743,000 pounds of cigarettes in 1947 and an annual average of 296,000 pounds during the 5-years, 1935-39. The principal destinations were the Belgian Congo and Tanganyika Territory. Other outlets were Somalia and Zanzibar. A small increase in this trade is expected next year and the long-term outlook is for a continued increase.



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FOREIGN MARKET NOTES—TOBACCO

The Tobacco Situation in Egypt 1/

By George W. Van Dyne

Egypt is an important tobacco importing country and there is a growing demand for United States leaf and cigarettes.

Imports of leaf tobacco are double prewar levels. United States flue-cured and Burley tobacco are in keen demand.

Egypt's imports of tobacco products are now treble the prewar, 1935-39 period. The bulk of these imports are cigarettes. English straight Virginia type cigarettes lead but the demand for the United States blended type is increasing.

Consumption of domestic United States blended type and other locally made cigarettes containing 100 percent United States flue-cured tobacco is at an all time high.

Egypt's exports of tobacco products have fallen to half the annual average for the 5 years 1935-39.

Tobacco is not grown in Egypt. To protect the revenue derived from customs receipts on tobacco, the Government has prohibited its production since 1890. Total customs duties from all merchandise cleared during 1948 amounted to about LE 60,223.115 (U.S. \$172,934,288) of which about 38 percent was collected on leaf tobacco and tobacco products.

1/ Preliminary report of a study of foreign market outlets and competition with United States tobacco, conducted under the provisions of the Research and Marketing Act.

Imports

Imports of leaf tobacco during 1948 totaled 11,515,000 kilos (25,385,969 pounds) and were from nineteen different countries. During 1947 imports totaled 11,388,000 kilos (25,105,985 pounds) compared with an annual average of 5,668,000 kilos (12,495,673 pounds) for the 5 years, 1935-39.

As may be seen from Table 1, Oriental type producing countries, have during the entire period under review, supplied nearly half Egypt's leaf tobacco.

During the prewar years Japan, whose leaf makes a good filler for Oriental cigarettes, was the second most important source of leaf tobacco.

During recent years and due to the rapidly increasing demand for United States blended and Virginia type cigarettes, imports of flue-cured leaf have become highly important. Africa, India, and the United States supply the bulk of this type. In addition to flue-cured, the United States also supplies important quantities of Burley and fire-cured tobacco.

TABLE 1.—Egypt: Leaf tobacco imports for manufacture
average 1935-39, annual 1947 and 1948

Country	Average 1935-39	1947	1948
	Pounds	Pounds	Pounds
United States-----	1,045,379	3,684,947	2,293,126
Africa-----	67,505	4,662,205	5,605,120
Oriental type countries 1/-----	5,511,738	12,176,976	12,106,232
India-----	49,965	2,042,732	2,404,231
Japan-----	3,244,536	28,353	326,609
All others 2/-----	2,577,365	2,511,169	2,651,497
Total-----	12,496,488	25,106,382	25,376,815

1/ Oriental type countries include principally Turkey, Bulgaria and Greece.

2/ All others are comprised chiefly of China, Syria, Cyprus, Palestine and U.S.S.R.

Egypt's imports of tobacco products during 1948 totaled 447,209 kilos (985,917 pounds), compared with 403,086 kilos (888,643 pounds) in 1947, and an annual average of 143,748 kilos (316,907 pounds) for the 5 prewar years. Practically all of

these imports were cigarettes which during 1948 totaled 434,000 (956,796 pounds).

This compared with 387,000 kilos (853,180 pounds) in 1947 and an annual average of 126,000 kilos (277,780 pounds) during the 5-year prewar period. Of the cigarettes imported during 1948 about 349,000 kilos (769,405 pounds) were from the United Kingdom and 84,200 kilos (185,627 pounds) from the United States. During 1947 about 324,000 kilos (714,290 pounds) and 62,000 kilos (136,685 pounds) were received from the United Kingdom and the United States, respectively. The annual averages during the prewar period were 82,270 kilos (181,372 pounds) from the United Kingdom and 37,019 kilos (81,612 pounds) from the United States. Imports of other tobacco products, including snuff, were negligible.

Domestic Manufacture

Cairo is the center of Egypt's tobacco manufacturing industry but there are also important tobacco factories at Alexandria and one at Port Said.

The estimated production of Egypt's tobacco products for both the domestic and export trade during 1948 was 11,515,000 kilos (25,385,969 pounds), compared with 11,388,000 kilos (25,105,985 pounds) in 1947, and an annual average of 5,668,000 kilos (12,495,673 pounds) for the 5 prewar years, 1935-39. An increase of about 10 percent was expected for 1949 and the long-term outlook is considered very favorable.

Production for domestic consumption during 1948 was 11,366,000 kilos (25,057,484 pounds), compared with 11,279,000 kilos (24,865,683 pounds) in 1947, and an annual average of 5,372,000 kilos (11,843,111 pounds) for the 1935-39 period. Of the total factory output for home consumption during 1948 production of cigarettes was 8,697,000 kilos (19,173,406 pounds) and manufactured tobacco 2,669,000 kilos (5,884,077 pounds). Practically all of the manufactured tobacco was *basel* cut-tobacco for smoking in narghiles (pipes by which smoke is drawn through water) or rolling by hand into cigarettes. The bulk of the remainder was utilized in the manufacture of *Madgha* and *Natron* chewing tobacco only small quantities being used for cigars, cheroots and snuff.

Consumption

For many decades the popularity of Egypt's Oriental type cigarettes went unchallenged. These cigarettes were made by hand from blends of Turkish, Greek, and Bulgarian tobacco mixed principally with Far Eastern tobacco. However, during World War I there was a shift in consumer preference from these Oriental cigarettes to machine-made Virginia cigarettes containing 100 percent United States flue-cured tobacco. During World War II there was evidence of a further change in smokers choice from Oriental cigarettes to United States blended-type cigarettes. Today the sale of Virginia type cigarettes is at its peak and the demand

for the United States blended type is increasing. Seventy-five percent of Egypt's domestic manufacture of tobacco products is now cigarettes. Of this quantity 40 percent are United States blended and Virginia types. Manufacturers have performed a splendid task in developing these two trends, and are catering to this trade by manufacturing and marketing a wide range of products approximately priced.

Some of the blended type cigarettes are the best produced in Africa. The most popular brand is Hollywood, which is put up in an attractive United States style 20's cup packet. These cigarettes are made from a blend of United States flue-cured and Burley tobacco mixed with Oriental types. Hollywood cigarettes sell for PT 6.00 (17 U.S. cents), as compared with PT 11 (32 U.S. cents) for imported brands, such as Chesterfield, Camels and Lucky Strike 20's.

Several of the Virginia type cigarettes are as good as one can buy anywhere. These are made from 100 percent United States flue-cured tobacco and are packed in standard English 20's shell and slide packets. These popular brands are priced at PT 8 (23 U.S. cents), PT 9 (26 U.S. cents) compared with PT 11 (32 U.S. cents) for imported Players' No. 3 and State Express 555 in 20's s/s packets.

Manufacturers and consumers of Virginia type cigarettes prefer blends containing 100 percent United States flue-cured tobacco. However, during the last few years, principally because of the shortage of dollar exchange, manufacturers' stocks of United States flue-cured tobacco have not been adequate to fully meet the increased demand. One manufacturer of a popular Virginia brand of cigarettes made of 100 percent United States flue-cured tobacco recently had of necessity to substitute for this blend, one made up of 100 percent flue-cured tobacco grown outside of the United States, chiefly in Rhodesia and India.

Exports

Egypt's exports of tobacco consist of cigarettes and cut tobacco only. Exports of cut tobacco are small and shipments of cigarettes are declining because similar brands are manufactured in other countries, and consumers throughout most of the world are changing from Oriental type cigarettes to United States blended or Virginia types.

Total exports of tobacco products during 1948 were 149,000 kilos (328,485 pounds), compared with 109,000 kilos (240,301 pounds) in 1947, and an annual average of 296,000 kilos (652,561 pounds) for the 5 years, 1935-39. These figures include 89,000 kilos (196,209 pounds) of cigarettes in 1948, compared with 82,000 kilos (180,777 pounds) during 1947, and 260,000 kilos (573,196 pounds) during the 5 prewar years. The remaining exports were cut tobacco of which 60,000 kilos (132,276 pounds) were shipped during 1948. This compares with 28,000 kilos

(61,729 pounds) in 1947, and an average of 38,000 kilos (83,775 pounds) during the 5-year prewar period. The most important export markets for cigarettes are now the Netherlands, Hong Kong, Hedjaz, and Nedj. The cut tobacco trade is mainly with Hedjaz and Nedj, although important quantities are exported to Aden.

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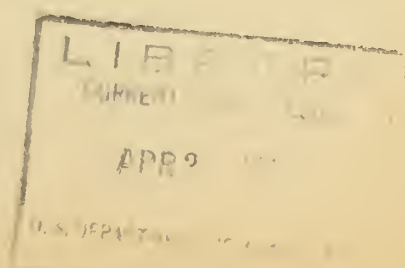
WORLD FLUE-CURED TOBACCO PRODUCTION DECLINES

The world's harvest of flue-cured tobacco during the 12 months, July 1949 through June 1950, is now estimated at 1,724 million pounds, which is 5 percent below the 1948-49 harvest of 1,808 million pounds and about 8 percent below the record 1947-48 harvest of approximately 1,877 million pounds. The estimated 1949-50 harvest, however, is still 39 percent above the prewar (1935-36 through 1939-40) annual average of 1,238 million pounds. The sharp decline in China and moderate declines in Brazil and Italy in 1949-50 have more than offset the moderate increases in the United States and in most other flue-cured tobacco-growing countries.

Increased world demand for flue-cured leaf has encouraged larger plantings in most producing countries. Since the war there has been a continuing change in consumer demand from dark and cigar tobaccos to flue-cured and certain other light types used principally in cigarettes. The world effective demand for flue-cured tobacco, and especially United States flue-cured would be considerably greater if it were not for restrictions on trade by the principal tobacco importing countries.

United States. The 1949 flue-cured crop was 2 percent above the 1948 outturn, according to the latest official estimate. A production of 1,112 million pounds was obtained from 936,400 acres. The 1949 yield of 1,188 pounds per acre was the second highest on record and less than 4 percent below the record 1948 yield of 1,233 pounds per acre. The high 1948 and 1949 yields are attributed to heavy applications of fertilizer, close planting and generally favorable growing conditions. The 1949 production was 29 percent above the prewar, 1935-39, average. The crop was 65 percent of the world total flue-cured production, compared with the prewar average of 70 percent.

Flue-cured acreage allotments in 1949 were increased by approximately 5 percent, because of a somewhat improved outlook for exports and continued high domestic demand. Acreage allotments had been reduced in 1948 by about 27 percent, because of the unfavorable outlook for exports, particularly to the United Kingdom which is the largest importer of United States flue-cured leaf. United Kingdom purchases of 1949 flue-cured leaf totaled approximately 165 million pounds, compared with only 60 million in 1948 and prewar purchases of around 200 million pounds.



Canada. Flue-cured production in Canada in 1949 totaled about 118.6 million pounds, compared with 102.4 million in 1948. The increase over 1948 resulted from a small increase in acreage and to higher yields per acre despite unfavorable weather during the early part of the growing season. During the 5 years, 1935-39, production of flue-cured leaf in Canada averaged 54.6 million pounds annually. The expansion in production since prewar has resulted primarily from the rapidly increasing domestic demand for this type of leaf.

Southern Rhodesia. The 1949-50 flue-cured crop is officially forecast at 90.0 million pounds from 140,250 acres, compared with 81.5 million pounds from 128,500 acres in 1948-49 and the prewar annual average of 24.6 million pounds from 48,010 acres. Flue-cured acreage and production have increased rapidly in recent years as a result of high leaf prices, preferential duty rates in the United Kingdom and other British Empire countries, and a guaranteed market in the United Kingdom for at least 70 percent of total production.

China. Reliable estimates of the 1949 flue-cured crop are unavailable, but fragmentary reports indicate a decline of over 50 percent from the record 1948 production reported at 270 million pounds. The area planted to flue-cured tobacco was sharply reduced in 1949 due to disruptions in the country's economy resulting from the civil war.

Other Far Eastern Countries. Total production of flue-cured tobacco in Manchuria, Taiwan (Formosa), Korea, Japan, Thailand (Siam) and India is estimated at 190 million pounds. Korea's 1949 crop totaled 24.6 million pounds, compared with 13.3 million in 1948 and a prewar average of 11.8 million. Taiwan's 1949 crop is placed at 19.0 million pounds, compared with 7.4 million in 1948 and the 1935-39 average of 3.2 million. The 1949-50 harvest in Thailand is estimated at 9.9 million pounds, or 16 percent above the 1948-49 harvest of 8.5 million pounds. For the other Asiatic countries production in 1949-50 is estimated to about equal the 1948-49 harvest and to be considerably above the prewar average; however, definite information on production in these countries is not available.

Other Countries. The Union of South Africa's flue-cured production is estimated at 22.5 million pounds, or an increase of 11 percent from 1948-49. Italy produced about 13.2 million pounds in 1949, compared with 15.5 million in 1948. The 1949-50 flue-cured production in Brazil is estimated at 29.8 million pounds, or about 23 percent less than in 1948-49. Argentina's 1949-50 flue-cured crop is placed at 7.7 million pounds, compared with 6.5 million in 1948-49. Other countries producing some flue-cured tobacco include Mexico, Nyasaland, Northern Rhodesia, British East Africa, Venezuela, El Salvador, Nicaragua, Spain, Mauritius, Australia and New Zealand.

FLUE-CURED TOBACCO: World acreage and production, 1949 with comparisons 17

Country	Acreage			Production				
	Average 1935-39	1947	1948	1942 ¹	Average 1935-39	1947	1948	1942 ²
	<u>Acres</u>	<u>Acres</u>	<u>Acres</u>	<u>Acres</u>	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>
Canada	50,703	103,694	90,874	93,080	54,616	86,863	102,442	118,580
Mexico	3/	3/	3/	3/	800	2,900	2,458	2,866
United States	981,400	1,161,200	883,800	936,400	863,620	1,317,466	1,089,584	1,112,168
Italy	3/	6,200	7,900	7,400	2,846	12,000	15,500	13,200
China	132,800	214,000	380,000	3/	150,900	143,000	270,000	3/
Manchuria	10,540	3/	3/	3/	13,930	15,000	3/	3/
India	4/ 67,000	132,930	140,000	3/	31,280	71,000	75,000	3/
Taiwan (Formosa)	1,983	3/	9,714	16,595	3,235	6,800	7,418	18,982
Korea	7,674	3/	3/	13,363	11,839	12,800	13,250	24,600
Thailand (Siam)	3/	28,200	28,866	33,620	3/	7,250	8,500	9,900
Argentina	4/ 955	3/	7,400	9,900	4/	6,929	6,500	7,700
Brazil	3/	34,347	38,100	36,000	3/	41,050	38,500	29,800
Nyasaland	3/	3/	3/	3/	2,574	2,650	2,903	3,000
Northern Rhodesia	3/	10,000	12,140	12,400	3/	4,300	5,665	7,000
Southern Rhodesia	48,010	112,605	128,500	140,250	24,623	75,385	81,500	90,000
Union of South Africa	3/	3/	3/	3/	4,996	22,045	20,325	22,500
Australia	9,913	3,792	3,695	4,500	5,276	2,417	3,566	3,900
New Zealand	1,740	4,300	4,400	4,600	1,370	4,700	5,000	5,250
Estimated production in all other countries								
5/	78,000	140,000	125,000	450,000	65,032	42,000	60,000	255,000
Estimated World Total	1,390,723	1,951,268	1,860,389	1,758,108	1,237,855	1,876,555	1,808,111	1,724,446

1/ Year beginning July 1. For north temperate zone countries, harvests July through October of the year shown; for all other countries, harvests January through June of the following year. 2/ Preliminary. 3/ Data not available. 4/ Less than a 5-year average. 5/ Includes approximations for countries not listed and for countries listed where data are not available.



FOREIGN AGRICULTURE CIRCULAR

OFFICE OF FOREIGN AGRICULTURAL RELATIONS
UNITED STATES DEPARTMENT OF AGRICULTURE
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FT-5-50

May 8, 1950

WORLD TRADE IN TOBACCO UP 25 PERCENT IN 1949

World trade in unmanufactured tobacco in 1949 was about 25 percent above the movement in 1948 and 7 percent above the prewar, 1935-39, average. Exports from the principal countries totaled 1,205,496,000 pounds in 1949, compared with 962,928,000 pounds in 1948 and a prewar annual average of 1,128,722,000 pounds.

The increase in 1949 resulted primarily from larger takings by a number of the leading Western European importing countries. Larger importations were made in spite of continued restrictions by most importing countries on the use of dollar exchange for the purchase of tobacco from the United States and other principal surplus-producing countries in the Western Hemisphere. Intensified efforts on the part of many of the major importing countries to expand purchases in soft currency surplus-producing countries and the expanded use of barter trading in the international movement of unmanufactured tobacco contributed substantially to the increased trade in 1949. Europe's 1949 imports increased sharply and imports into North America and Africa were up slightly, but declines were recorded for all of the other major geographic divisions of the world. On the export side, increases occurred in 1949 from all of the major surplus-producing areas of the world, but the greatest expansion occurred from the Oriental-type tobacco producing countries of Southeastern Europe and the Near East.

World totals for the countries listed in the accompanying table show exports consistently above imports. The discrepancy results from a number of factors including re-exports (which had not been shown as imports) in the exports data, the omission of relatively large imports into the Soviet Union for which data are not available, and the omission from the table of a number of countries which have a small trade in tobacco and whose imports materially exceed exports.

Principal Exporting Countries: In 1949, the United States continued to be the leading tobacco exporting country. Exports for the year were 17 percent above 1948 exports, and comprised 41 percent of the world total as compared with 44 percent in 1948 and 37 percent in the 1935-39 period. The increase was due to larger takings on the part of most of the major Western European tobacco importing countries. United States exports in 1949 totaled 498,205,000 pounds, compared with 426,609,000 in 1948 and an annual average of 420,797,000 in the prewar, 1935-39, period. Of the total 1949 exports, flue-cured leaf accounted for 379,911,000 pounds or 76 percent of the total, compared with 342,692,000 pounds or 80 percent of the total in 1948. Burley leaf exports in 1949 totaled 35,138,000 pounds or 7 percent of the total, compared with 23,391,000 pounds or about 5 percent in 1948. Exports of fire-cured leaf totaled 33,133,000 pounds, compared with 27,572,000 pounds in 1948.

Larger exports were recorded for most of the Latin American tobacco exporting countries. Substantial increases from 1948 levels were reported for Brazil, Colombia, Paraguay, and the Dominican Republic. The bulk of the exports from Latin America continued to go to Western European countries.

The Oriental-type tobacco producing countries of Southeastern Europe and the Near East reported much larger exports in 1949 than in 1948. In the case of both Greece and Turkey 1949 exports were 57 percent above the 1948 levels. Turkey's 1949 exports were 119 percent above the 1935-39 annual average, but exports from Greece were 36 percent below the prewar average due to lower postwar production. Exports from Bulgaria are unofficially reported to be still substantially below the prewar level.

Exports from the Far Eastern Countries increased in 1949, but were still only a fraction of prewar. Increases in 1949 were reported for India, Indonesia and the Philippines. The 1949 exports from Indonesia were more than 5 times the 1948 level, but still 86 percent below the 1935-39 average.

Principal Importing Countries: Imports in 1949 by the United Kingdom totaled 301,133,000 pounds, which exceeded any other individual country and accounted for 28 percent of the total imports shown in the accompanying table. Imports in 1949 were 7 percent above the 1948 total of 280,775,000 pounds and about 16 percent above the prewar, 1935-39, average. Imports of United States leaf by the United Kingdom accounted for only 51 percent of the country's total, compared with 61 percent in 1948 and 78 percent in the 1935-39 period.

Imports in 1949 into Western Germany, which ranks after the United Kingdom as an importing country, are placed at approximately 110,000,000 pounds. Prior to 1949 Western Germany's postwar imports of tobacco were extremely low.

The United States, which is the third most important importing country, took 87,932,000 pounds in 1949. This was 4 percent above 1948 imports and 23 percent greater than in the 1935-39 period.

All Other Leading Importing Countries: Imports in 1949 exceeded 1948 in the cases of Austria, Denmark, France, Ireland, the Netherlands, Norway, Poland, Switzerland, Mexico, Uruguay, Syria and Lebanon, Thailand, the Belgian Congo and Egypt. Decreases were reported for Belgium, Finland, Italy, Portugal, Spain, Sweden, China, Argentina, Algeria, French Morocco and Australia.

TOBACCO, UNMANUFACTURED: International trade,
average 1935-39, annual 1948 and 1949

Continent and country	Average 1935-39		1948 1/		1949 1/	
	Exports	Imports	Exports	Imports	Exports	Imports
	1,000	1,000	1,000	1,000	1,000	1,000
	pounds	pounds	pounds	pounds	pounds	pounds
<u>NORTH AMERICA</u>						
Canada.....	15,294:	4,255:	15,877:	1,617:	15,725:	1,577
Costa Rica.....	- :	40:	4:	78:	- :	74
El Salvador.....	23:	495:	1:	2,726:	- :2/	5,200
Guatemala.....	- :	68:	4:	477:	- :	549
Honduras.....	1,894:	43:	4,444:	56:	4,630:3/	88
Mexico.....	215:	210:	327:	2,587:	140:	2,707
Newfoundland and Labrador.....	- :	62:	- :3/	1,500:	- :	4/
Nicaragua.....	- :	175:	- :	504:	- :	534
United States.....	420,797:	71,274:	426,609:	84,342:	498,205:	87,932
Cuba.....	27,712:	- :	32,322:	- :	31,195:	-
Dominican Republic	13,652:	- :	30,504:	- :	46,156:	-
Total.....	479,587:	76,622:	510,092:	93,887:	596,051:	98,661
<u>EUROPE</u>						
Austria.....	5/ 1,424:	5/ 16,954:	- :	10,133:	- :	23,837
Belgium and Luxembourg.....	413:	40,695:	- :	42,547:	- :	41,848
Bulgaria.....	59,396:	- :3/	30,000:	- :3/	30,000:	-
Czechoslovakia.....	- :5/	20,768:	- :	21,473:	- :3/	20,000
Denmark.....	490:	20,206:	269:	20,023:	2,014:	25,463
Ireland.....	5/ 394:	5/ 12,292:	337:	12,481:	- :	23,957
Finland.....	- :	7,754:	- :	14,618:	- :	4,433
France.....	5/ 686:	5/ 61,576:	1,911:	28,117:	466:	74,299
Germany.....	5/ 19:	5/ 204,644:	- :6/	13,813:3/6/	100:36/	110,000
Greece.....	97,657:	20:	39,775:	- :	62,597:	-
Hungary.....	19,162:	3,106:2/	5,000:2/	2,400:2/	5,000:2/	2,400
Italy.....	12,927:	5,253:	4,134:	27,322:	14,650:	8,280
Netherlands.....	3,249:	67,349:	1,770:	34,207:	4,777:	70,631
Norway.....	- :	6,602:	- :	9,125:	- :	9,734
Poland.....	5/ 149:	5/ 18,404:	- :	6,587:	- :2/	10,000
Portugal.....	- :	6,381:	8:	11,727:	- :	9,775
Spain.....	- :3/	30,979:	- :	32,361:	- :	31,923
Sweden.....	153:	14,829:	61:	16,398:	- :	15,864
Switzerland.....	- :	15,795:	- :	21,637:	- :	22,998
United Kingdom.....	7/ 5,996:	258,486:7/	994:	280,775:7/	1,507:	301,133
Total.....	202,115:	812,093:	84,259:	605,744:	121,111:	806,575
<u>ASIA</u>						
Syria and Lebanon..	2,762:	112:	5,593:	507:	10,087:	1,010
Turkey.....	78,054:	152:	109,321:	64:	171,132:	-
Ceylon.....	2,086:	1,200:	1,037:	1,620:	950:	1,036
China.....	30,994:	56,613:	1,459:	20,945:3/	1,000:3/	5,000
French Indochina....	5/ 216:	2,718:	- :	7,485:	- :3/	7,500
Hong Kong.....	8/ :	10,450:	1,374:	7,260:3/	1,500:3/	9,000
India.....	43,500:	4,791:	50,850:	11,515:2/	60,000:2/	8,000

TOBACCO, UNMANUFACTURED: International trade,
average 1935-39, annual 1948 and 1949

Continent and country	Average 1935-39		1948 1/		1949 1/	
	Exports	Imports	Exports	Imports	Exports	Imports
	1,000	1,000	1,000	1,000	1,000	1,000
	pounds	pounds	pounds	pounds	pounds	pounds
ASIA (Cont'd)						
Indonesia.....	101,176:	2,765:	2,672:	7,985:	14,610:	7,601
Philippine Republic:	37,357:	1,075:	6,181:	96:	11,218:2/	220
Thailand (Siam).....	13:	3,405:	-	1,452:	-	3,000
Total.....	296,158:	83,281:	178,487:	58,929:	270,497:	42,367
SOUTH AMERICA						
Argentina.....	180:	16,878:2/	2,400:	21,400:	2,200:	16,008
Brazil.....	71,955:	772:	54,789:	240:2/	68,000:2/	500
British Guiana.....	- :5/	393:	- :	639:	- :	580
Chile.....	- :	172:	- :	840:	- :	766
Colombia.....	6,472:5/	138:	6,656:	366:	9,900:3/	300
Paraguay.....	7,747:	202:	5,304:	- :	9,806:	-
Peru.....	- :	212:	- :	789:	- :3/	600
Surinam.....	8/ :	8/ :	- :	127:	- :	163
Uruguay.....	- :	3,051:	- :	4,326:	- :	8,832
Total.....	86,354:	21,818:	69,149:	28,727:	89,906:	27,749
AFRICA						
Algeria.....	24,979:	7,482:	17,772:	7,606:	28,573:	7,180
French Morocco.....	- :5/	3,921:	252:	8,820:	- :	4,275
Belgian Congo.....	- :3/	1,000:	18:	1,700:	- :	4,912
Nyasaland.....	12,810:	- :	23,846:	12:3/	20,000:3/	20
Egypt.....	- :	13,014:	- :	24,220:	- :	28,860
Gold Coast.....	- :	1,471:	- :	1,500:	- :	1,720
Madagascar.....	5,262:	17:	6,157:	37:	4,251:	-
Northern Rhodesia..	1,429:	- :	4,826:	- :	6,075:	-
Southern Rhodesia..	19,166:	327:	67,661:	1,313:	67,937:3/	2,000
Tunisia.....	- :5/	2,843:	118:	8,523:	- :	6,321
Union of South						
Africa.....	635:	3,100:	- :	3,562:3/	1,000:3/	3,500
Total.....	64,281:	33,175:	120,650:	57,293:	127,836:	58,788
OCEANIA						
Australia.....	114:	21,537:	291:	29,941:	95:	22,190
New Zealand.....	113:	3,027:	- :	4,346:	- :2/	4,500
Total.....	227:	24,564:	291:	34,287:	95:	26,690
Total countries shown:1,128,722:1,051,553: 962,928: 878,867:1,205,496:1,060,830						

1/ Preliminary. 2/ Estimated on the basis of data available for 6 months or more of the year. 3/ Approximated from unofficial information. 4/ Data for April through December included in Canada. No data available for January through March. 5/ Less than a 5-year average. 6/ Western Germany only; data for Eastern Germany not available. 7/ Re-exports. 8/ Not available.

Office of Foreign Agricultural Relations. Prepared or estimated from official statistics of foreign governments, reports of United States Foreign Service officers and other information.



FOREIGN AGRICULTURE CIRCULAR

OFFICE OF FOREIGN AGRICULTURAL RELATIONS
UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C.

FT-6-50

May 19, 1950

UNITED STATES TOBACCO EXPORT SITUATION

During the current marketing year, 1949-50, the exports of most types of United States tobacco have been somewhat below exports during the corresponding period of 1948-49. ^{1/} For certain types, however, exports have been above the level of the previous year. For all types combined shipments have been maintained at near the level of the previous year in spite of continued restrictions by most importing countries on the use of dollar exchange for the purchase of tobacco from the United States and intensified efforts on the part of many of the major importing countries to expand their own production and to shift imports from the United States to soft currency surplus producing countries. The maintenance of the United States position has resulted from increasing consumption of tobacco products in leaf importing countries, their inability to obtain greatly increased supplies from domestic production and soft currency areas, and from the financing of much of the United States exports with ECA funds.

Larger than normal United States shipments in the late months of 1949 resulted in a decline in exports during January-March 1950, as compared with the corresponding quarter of 1949. United Kingdom purchases from the 1949 crop, which totaled approximately 165 million pounds, were shipped more rapidly than normal in order to conserve dollar exchange on storage. This was an important factor contributing to the heavy shipments in the late months of 1949. Also, in several countries the urgent need for leaf to maintain current consumption requirements resulted in somewhat heavier shipments in that period. Another important factor in the decline was the heavy shipments to Germany during January-March 1949 when that country was building up its depleted stocks and increasing the quantity of tobacco products made available to consumers. This heavy volume of shipments was not repeated in the first quarter of 1950.

Continental Europe was the most important outlet for United States tobacco exports during January-March 1950, taking 33,395,000 pounds, or 53 percent of the total. This compares with 67,237,000 pounds during the corresponding period of 1949. Exports to the United Kingdom and Ireland totaled 7,572,000 pounds during

^{1/} Flue-cured marketing year July-June, all other types October-September. For this report data refer to the marketing year through March.

January-March 1950, compared with 9,263,000 pounds during the first 3 months of 1949. During the first quarter of 1950 exports to other areas of the world were as follows: Africa, 2,867,000 pounds; Asia, 10,288,000 pounds; Australia and New Zealand, 7,506,000 pounds; Latin America, 1,615,000 pounds; and other areas, 62,000 pounds. This compares with January-March 1949 shipments to Africa of 9,584,000 pounds; Asia, 10,693,000 pounds; Australia and New Zealand, 9,351,000 pounds; Latin America, 1,960,000 pounds; and other areas, 184,000 pounds.

The outlook for exports of United States leaf tobacco during the remainder of the 1949-50 marketing year appears generally favorable. Continued high or increasing consumption of tobacco products, coupled with low stocks of leaf, particularly stocks of United States leaf, in most tobacco importing countries, make it necessary for these countries to maintain or increase imports if the volume and character of products made available to consumers is to be maintained. Also, the desired quantities and qualities of leaf are not available in other surplus producing countries. Improved economic conditions in many tobacco importing countries should make it more nearly possible for those countries to purchase the leaf tobacco needed to fulfill their consumption requirements.

Exports by Types

Export of flue-cured leaf for the period July 1949 through March 1950 totaled 311,990,000 pounds, or 4 percent above exports of 300,045,000 pounds during the corresponding period of the 1948-49 marketing year. Low stocks and continued high demand for straight Virginia and United States type blended cigarettes have contributed to the increased demand for flue-cured leaf. Stocks of United States flue-cured are very low in most importing countries and the world effective demand for this type of leaf would be considerably greater if it were not for restrictions on trade by the principal tobacco importing countries.

Burley exports during the first 6 months of the 1949-50 marketing year (October 1949 through March 1950) totaled 12,717,000 pounds, compared with 16,021,000 pounds during the corresponding period of 1948-49 and an annual average of only 10,900,000 pounds during the prewar, 1934-35 through 1938-39 period. The increased manufacture of blended cigarettes in a number of foreign countries has resulted in a substantial increase in the export demand for this type of leaf as compared with prewar. However, foreign manufacturers still use only a relatively small percentage of Burley in their blended cigarettes.

Exports of fire-cured leaf during October 1949-March 1950 totaled 9,750,000 pounds, composed of 6,895,000 pounds of Kentucky and Tennessee fire-cured, and 2,855,000 pounds of Dark Virginia leaf. This compares with exports during the corresponding period of 1948-49 of 11,796,000 pounds of Kentucky and Tennessee fire cured leaf and 2,854,000 pounds of Dark Virginia. Decreased consumer demand for products made from this type of leaf and increased production in a number of importing countries as well as in other surplus tobacco producing countries have contributed to a lower demand for United States fire-cured leaf.

TOBACCO (unmanufactured): Exports from the United States by Types 1949-50
marketing year through March 1950 with comparisons 1/
(Export Weight)

Types	Totals for Marketing Years			Marketing Years		
	Average :	:	:	:	:	Through March
	1934-35 :	:	:	:	:	:
	1938-39 :	1946-47 :	1947-48 :	1948-49 :	1948-49 :	1949-50
	:	:	:	:	:	:
	1,000 :	1,000 :	1,000 :	1,000 :	1,000 :	1,000
	pounds :	pounds :	pounds :	pounds :	pounds :	pounds
	:	:	:	:	:	:
Flue-cured	318,865 :	480,586 :	312,804 :	337,247 :	300,045 :	311,990
Burley	10,900 :	43,471 :	23,987 :	36,519 :	16,021 :	12,717
Kentucky-Tennessee	:	:	:	:	:	:
Fire-cured	51,389 :	22,635 :	17,785 :	31,994 :	11,796 :	6,895
Dark Virginia	9,503 :	7,097 :	7,968 :	5,777 :	2,854 :	2,855
Maryland	5,189 :	5,454 :	7,031 :	8,730 :	6,098 :	3,298
Green River	3,030 :	1,545 :	754 :	3,055 :	621 :	700
One Sucker	886 :	2,023 :	1,137 :	6,208 :	1,442 :	1,159
Black Fat	8,974 :	4,350 :	5,293 :	5,171 :	2,674 :	1,504
Cigar Leaf	1,380 :	4,997 :	6,405 :	20,746 :	10,513 :	4,364
Perique	129 :	172 :	93 :	32 :	7 :	34
Stems and Scrap	19,497 :	15,891 :	10,650 :	7,730 :	4,533 :	859

1/ Flue-cured marketing year July-June, all other types October-September. The data include stemmed and unstemmed leaf. The two kinds are combined as reported, i.e., stemmed leaf has not been converted to an unstemmed basis.

Compiled from official records of the Bureau of the Census, U. S. Department of Commerce

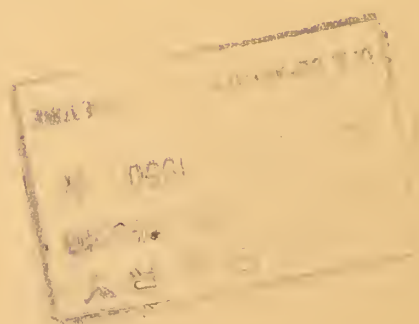
TOBACCO (unmanufactured): Exports from the United States
to designated regions, total and by types
January-March 1950 with comparisons 1/
(Export Weight)

Region	All Types		Flue-cured		Burley		Kentucky-Tenn. Fire-cured	
	1949	1950	1949	1950	1949	1950	1949	1950
	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
	pounds	pounds	pounds	pounds	pounds	pounds	pounds	pounds
United Kingdom and Ireland	9,263	7,572	7,783	5,731	290	230	758	858
Cont'l Europe	67,237	33,395	46,886	22,608	6,975	5,205	3,184	2,857
Africa	9,584	2,867	2,864	1,144	867	522	1,377	244
Asia	10,693	10,288	9,678	9,745	24	15	49	7
Australia and New Zealand	9,351	7,506	9,250	7,127	0	156	33	40
Latin America	1,960	1,615	1,440	842	313	518	41	67
All Other	184	62	45	29	46	0	16	4
Total	108,272	63,305	77,946	47,226	8,515	6,646	5,458	4,077
	Dark Virginia		Maryland		Green River		One Sucker	
United Kingdom and Ireland	167	455	1	0	254	227	0	69
Cont'l Europe	331	666	2,344	1,103	57	27	108	92
Africa	0	11	550	0	15	51	892	206
Asia	59	358	2	0	0	0	0	0
Australia and New Zealand	68	183	0	0	0	0	0	0
Latin America	48	124	2/	1	0	2	17	5
All Other	5	0	0	0	0	0	18	0
Total	678	1,797	2,897	1,104	326	307	1,035	372
	Black Fat		Cigar Leaf		Perique		Stems and Scrap	
United Kingdom and Ireland	0	0	6	1	4	2/	0	0
Cont'l Europe	0	25	6,953	543	0	2/	399	268
Africa	1,495	678	1,390	11	0	0	134	0
Asia	0	0	70	152	0	0	811	11
Australia and New Zealand	0	0	0	0	0	0	0	0
Latin America	25	17	76	39	0	2/	0	0
All Other	13	10	41	19	0	0	0	0
Total	1,533	730	8,536	765	4	2	1,344	279

1/ Data include stemmed and unstemmed leaf. The two kinds are combined as reported, i.e., stemmed leaf has not been converted to an unstemmed basis.

2/ Less than 1,000 pounds.

In addition to flue-cured, Burley and fire-cured, United States exports of other types during October 1949-March 1950 were as follows: Maryland, 3,298,000 pounds; Green River, 700,000 pounds; One-Sucker, 1,159,000 pounds; Black Fat, 1,504,000 pounds; Cigar Leaf, 4,364,000 pounds; Perique, 34,000 pounds and Stems and Scrap, 859,000 pounds. This compares with exports during the corresponding period of the 1948-49 marketing year as follows: Maryland, 6,098,000 pounds; Green River, 621,000 pounds; One-Sucker, 1,422,000 pounds; Black Fat, 2,674,000 pounds; Cigar-Leaf, 10,513,000 pounds; Perique, 7,000 pounds; and Stems and Scrap, 4,533,000 pounds.





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FT-7-50

June 4, 1950

WORLD 1949-50 TOBACCO PRODUCTION SLIGHTLY BELOW 1948-49

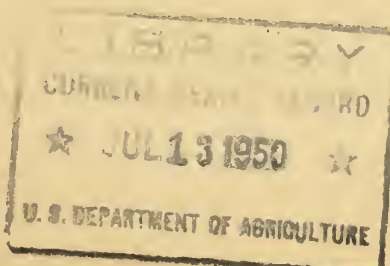
The world's tobacco harvest during the 12 months, July 1949 through June 1950, is estimated at 7,200 million pounds, compared with the 1948-49 production of 7,400 million pounds and the prewar, 1935-39, annual average of 6,597 million pounds. The data for 1948-49 and 1949-50 are revisions from estimates released in November 1949. For both years the harvest is slightly larger than previously reported.

Productions in 1949-50 in Canada, Cuba, Greece, Southern Rhodesia, Turkey, and a number of other countries are well above 1948-49 harvests, but increases in these areas are more than offset by a sharp decline in China and moderate declines in several other important tobacco growing countries. The world crop is estimated at approximately 3 percent below the 1948-49 output.

The 1949-50 production of flue-cured leaf, the principal type entering world trade, was about 4 percent below the 1948-49 outturn. The estimated reduction of over 50 percent in China's 1949 flue-cured crop, however, has been partly offset by increases in Canada, the United States, Korea, and the countries of Southern Africa.

In the case of Oriental or Turkish type tobacco, another important type entering world trade, 1949-50 production is estimated to be well above the 1948-49 crop. The 1949-50 harvests in Greece, Turkey, and Yugoslavia are reported to be substantially above the previous crops. Increases in production of Oriental type leaf are also reported for the countries of Southern Africa and certain other minor producing areas. Some decline in 1949-50 production is reported for Bulgaria and Italy.

The 1949-50 world production of light air-cured types of tobacco, which represent an important portion of total production in many producing countries, is estimated to be slightly below the 1948-49 output. The production of dark types, other than strictly cigar leaf, are also estimated to be somewhat lower in 1949-50. The production of cigar types are reported to exceed the 1948-49 output, as a result of larger crops in Cuba, Indonesia, and the Philippine Republic.



North America. Canada's 1949 tobacco production is unofficially estimated at 138.7 million pounds, compared with 126.6 million in 1948. The 1949 acreage harvested was slightly below 1948, but the average yield per acre was substantially higher. The estimated 1949 production is about 10 percent above the 1948 harvest and 84 percent above the 1935-39 average of about 77 million pounds.

The United States 1949 crop is officially estimated at 1,970 million pounds from 1,630,300 acres, compared with 1,981 million pounds from 1,554,600 acres in 1948 and an annual average of 1,460 million pounds from 1,647,000 acres in the prewar, 1935-39, period. The 1949 production of flue-cured leaf of 1,115 million pounds is about 2 percent above the 1948 harvest of 1,090 million pounds. A decline of about 2 percent is estimated for fire-cured leaf and 7 percent for Burley. An increase of 17 percent is estimated for Maryland, 3 percent for dark air-cured, and about 1 percent for cigar leaf.

The 1949-50 production in Mexico, Central America, and the Caribbean countries is estimated to be about 16 percent larger than in 1948-49. Increases are reported for Cuba, Puerto Rico, Mexico, and some Central American countries. A decline in production in 1949-50 is reported for the Dominican Republic.

For all North America, the 1949-50 production of tobacco is estimated at 2,340 million pounds from 2,050,000 acres, compared with 2,300 million pounds from 1,970,000 acres in 1948-49 and a prewar, 1935-39, annual average of 1,710 million pounds from 1,960,000 acres.

Europe. The 1949 production of tobacco in Europe is now estimated to be about equal to the 1948 outturn. Increases over 1948 are reported for Belgium, Germany, Greece, Hungary, and Yugoslavia. Lower production is reported for Bulgaria, Czechoslovakia, France, Italy, and Spain. The total 1949 production in Europe is estimated at 700 million pounds from 840,000 acres, compared with the 1948 harvest of 700 million pounds from about 790,000 acres and the prewar, 1935-39, annual average of 675 million pounds from 680,000 acres.

U.S.S.R. Authentic information on tobacco production in the U.S.S.R. in recent years is not available, but unconfirmed reports indicate an output in 1949 approximately 8 percent above 1948 but about 20 percent below the prewar average production of around 525 million pounds.

Asia. Reliable estimates of China's 1949 tobacco crop are unavailable, but fragmentary reports indicate a decline of approximately 25 percent from the large 1948 production of 1,593 million pounds. In India, the area in tobacco was about the same as in 1948, and about 9 percent above prewar. Production of about 800 million pounds exceeded 1948 by 10 percent, and the prewar average by 5 percent. Japan's 1949 crop was also below the 1948 harvest, but in most of the other tobacco producing countries of the Far East, 1949-50 production is reported to be above 1948-49. Turkey's 1949 crop is estimated at 269 million pounds, or 65 percent above the 1948 harvest. For other Asia Minor countries, including Iran, Iraq, Syria and Lebanon, which produce tobacco somewhat comparable in type to Turkish leaf, 1949 harvests are reported to be very near the 1948 levels. For all of Asia, 1949-50 harvests are now estimated at 3,070 million pounds from

3,680,000 acres, compared with the revised estimate for 1948-49 of 3,370 million pounds from 3,780,000 acres and the prewar average of 3,250 million pounds from 3,750,000 acres.

South America. A slightly larger acreage was planted to tobacco in 1949-50 in South America, but as a result of lower yields in some countries, total production is reported to be about the same as in 1948-49. Combined 1949-50 production of tobacco in all South American countries is estimated at 410 million pounds from about 525,000 acres, compared with the revised estimate of 1948-49 production of 410 million pounds from 510,000 acres and the 1935-39 average of 305 million pounds from 355,000 acres.

Africa. The 1949 harvest of tobacco in Algeria and other northern African producing countries is reported to about equal the 1948 outturn. The harvests in the spring of 1950 in southern African producing countries are estimated at 18 percent above 1948-49. The combined 1949-50 production of tobacco for all of Africa is now estimated at 245 million pounds from 460,000 acres. This compares with 220 million pounds from 410,000 acres in 1948-49 and the prewar average of only 125 million pounds from 245,000 acres.

Oceania. The 1949-50 tobacco production in Oceania is estimated to be about 5 percent larger than in 1948-49. The increase in production was due to the larger acreage planted to tobacco in 1949-50. The 1949-50 Australian crop is placed at 4.5 million pounds, compared with 3.6 million in 1948-49 and 5.3 million in the 1935-39 period. The 1949-50 crop in New Zealand is preliminarily estimated at 4.5 million pounds, compared with the 1948-49 harvest of 5.0 million and the prewar average of 1.5 million.

TOBACCO: Acreage, yield per acre, and production in specified countries, average, 1935-39, annual 1948 and 1949 1/

Continent and Country	Acreage Harvested			Yield per Acre 2/			Production		
	Average	1948 3/	1949 3/	Average	1948 3/	1949 3/	Average	1948 3/	1949 3/
		acres	acres	Pounds	Pounds	Pounds	pounds	pounds	pounds
NORTH AMERICA:									
Canada	69	1,000	1,110	1,103	1,145	1,264	76,556	126,629	138,660
Mexico	51	-	-	840	-	-	42,226	53,472	55,633
United States	1,647	1,555	1,630	887	1,274	1,209	1,460,054	1,981,872	1,970,376
Cuba	107	112	136	474	476	735	50,833	53,310	100,000
Dominican Republic	-	54	38	-	810	803 1/2	13,660	43,722	30,864
Puerto Rico	44	29	32	673	880	875	29,393	25,500	28,000
Estimated total 5/	1,960	1,970	2,050	-	-	-	1,710,000	2,300,000	2,340,000
EUROPE:									
Albania	5	-	-	826	-	-	4,082	-	-
Belgium	6	4	3	2,500	1,571	2,079	16,431	6,314	6,971
Bulgaria 6/	94	-	-	809	-	-	75,871	44,000	-
Czechoslovakia 6/	24	15	14	1,288	1,303	1,300 1/2	31,143	19,863	17,684
France	24	64	75	1,676	1,663	1,301	72,995	106,597	97,443
Germany 6/	33	22	23	2,254	1,450	1,900	74,355	32,000	44,000
Greece 6/	226	177	199	589	455	576	132,819	80,664	114,778
Hungary 6/	37	47	53	1,238	1,076	-	45,872	50,706	-
Italy 6/	81	144	135	1,173	1,138	980	95,511	164,077	132,461
Poland 6/	17	36	35	1,664	1,338	-	28,566	47,990	-
Rumania 6/	44	69	-	647	536	-	28,697	37,037	-
Spain	-	22	22	-	1,403	1,325	17,322	30,864	29,136
Sweden	1	1	1	1,735	1,446	1,459	1,061	979	902
Switzerland	1	2	2	1,571	1,582	1,730	2,276	3,834	4,189
Yugoslavia 6/	39	-	-	969	-	-	37,410	62,000	65,000
Estimated total 5/	680	790	840	-	-	-	675,000	700,000	700,000
U. S. S. R.									
	7/	490	-	7/	1,129	-	7/	525,000	-
ASIA:									
Iran	32	35	40	1,096	628	630	34,542	22,262	24,912
Iraq	11	11	-	752	802	-	8,057	8,818	-
Syria 8/	13	13	17	699	653	470	8,825	8,377	7,940
Lebanon 8/	13	5	5	661	634	495	128,505	3,197	2,568
Turkey	194	262	469	990	622	573	107,072	162,986	268,961
Burma	108	133	-	902	-	-	1,254,539	1,593,169	1,200,000
China 6/	1,228	1,529	1,200	1,021	1,042	1,000	32,004	-	-
French Indo China	44	-	-	728	-	-	-	-	-



FOREIGN AGRICULTURE CIRCULAR

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UNITED STATES DEPARTMENT OF AGRICULTURE
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4 FT 8-50

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FOREIGN MARKET NOTES—TOBACCO

The French Tobacco Situation 1/

By J. B. Gibbs

As a result of its short dollar exchange position, and some change in consumer preference, France has continued its program of increasing domestic production of leaf tobacco and of shifting its imports from the United States to soft currency countries. Reports as of July 1, 1950, indicate an increase of about 20 percent in the production of domestic leaf in 1950, compared with 1949, and smaller imports of leaf from the United States and other hard currency countries for the 1950 calendar year. Purchases from hard currency countries are being limited to amounts and types that can not be supplied by domestic production and by imports from soft currency areas. There are indications of some increase in purchases of United States flue-cured and Burley leaf needed to meet minimum requirements for the production of straight flue-cured and United States blended types of cigarettes. Purchases of United States dark types of leaf, which have normally accounted for the bulk of France's imports of United States tobacco, are being held to minimum quantities needed to supplement leaf from domestic production and imports from soft currency countries in the manufacture of French type cigarettes and smoking mixtures.

A program for importing cigars and cigarettes for the tourist trade, and to check black marketing of those products in France, has been undertaken. Under this program, arrangements were made in June 1950 for limited imports of Cuban cigars to be sold by the Monopoly at prices ranging from 150 to 320 francs (\$.42 and \$.91 U.S. cy.) each. Attempts were made during May and June to arrange for limited purchases of United States cigarettes, but, by July 1, purchases had not been made. Efforts in this direction, however, are being continued and it is probable that limited purchases may be made before the end of the year.

Preliminary estimates of tobacco acreage and production provided by the French Tobacco Monopoly, place the 1950 crop in Metropolitan France at approximately 110 million pounds (farm weight basis) from an area of 75,118 acres, compared with a revised estimate of the 1949 crop of 92 million pounds from 74,921 acres. The 1950 crop was planted under favorable conditions, and

1/ Part of a continuing study of foreign market outlets and competition with United States tobacco, conducted under the provisions of the Research and Marketing Act.

with the exception of some hail damage which necessitated re-setting in limited areas, the crop has progressed very satisfactorily. There has been ample rainfall in all producing districts, the crop is well advanced and, as of July 1, it was in very good condition. If the forecast of 110 million pounds is realized, the production will exceed that in any previous year, except for the record 1947 harvest of 115 million pounds from 71,985 acres.

TABLE 1.--Acreage, yield and production of tobacco in France, prewar average, 1949 (final revised data), and preliminary estimates for 1950.

Year	Area	Yield per acre	Production farm-sales weight	Production dry-weight
	<u>Acres</u>	<u>Pounds</u>	<u>1,000 pounds</u>	<u>1,000 pounds</u>
Average:				
1930-39-----	42,499	1,695	72,216	61,383
1949-----	74,921	1,228	92,031	76,279
1950-----	75,118	1,465	110,000	92,600

Source: French Tobacco Monopoly, Ministry of Finance.

FOREIGN TRADE

Imports of leaf during the six months January through June 1950, including arrivals from French Overseas Territories, are reported by the French Tobacco Monopoly at 17.3 million pounds, including only 3.1 million from the United States. The chief sources of imports were Turkey and Greece; the total for oriental types being 11.6 million pounds. Data from the Monopoly are not available for the same period in 1949 (January through June), but imports for the period reported by the French Customs authorities totalled 34.3 million pounds, predominantly from French Overseas Territories and oriental type tobacco producing countries.

Substantial imports of United States leaf are anticipated during the second half of 1950, but it is expected that the total for the year will again be far below normal.

As a result of the shortage in dollar exchange, and a shift in consumer preference to somewhat lighter type cigarettes and smoking mixtures, the importation of United States' dark fire-cured and dark air-cured leaf is now being limited to approximately 5 percent of France's requirements for the manufacture of cigarettes and smoking mixtures. This indicates annual requirements of the dark types of less than 7.7 million pounds. Increased sales of United States blended type and straight flue-cured cigarettes have increased the import requirements for United States flue-cured and Burley leaf. It is probable that the combined annual requirement of flue-cured and Burley leaf might soon exceed 4.4 million pounds.

TABLE 2.—Imports of leaf tobacco into France, January-June 1949 and 1950

Source	January-June 1949 1/ 1,000 pounds	January-June 1950 2/ 1,000 pounds
French Overseas Territories—	9,453	1,323
United States		
Dark fired and dark air-cured:-----		1,457
Flue-cured-----		1,252
Burley-----		421
Maryland-----		2
Total-----	3/ 855	3,132
Other Western Hemisphere-----	4,083	1,204
Oriental type countries 4/-----	19,780	11,583
Others-----	168	64
Total-----	34,339	17,306

1/ Reported by French Customs.

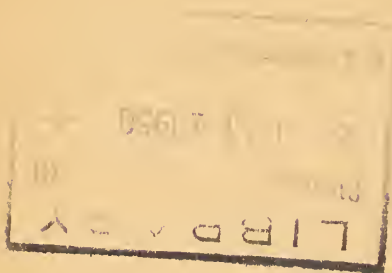
2/ Reported by French Tobacco Monopoly.

3/ Breakdown by types not available.

4/ Principally Turkey, Greece and Yugoslavia.

Officially reported imports of cigarettes and other tobacco products continued negligible during the first half of 1950. A substantial illegal importation of products, principally American cigarettes, continued during the 6-month period. There is no dependable estimate of this illegal trade, but black market sales of cigarettes represent a significant portion of total cigarettes sales. Black market sales of other products are negligible.

Exports of leaf and tobacco products, January through June 1950, continued to be limited and were confined principally to cigarettes destined to French Overseas Territories.





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July 31, 1950

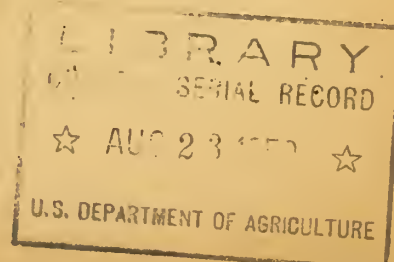
FOREIGN MARKET NOTES--TOBACCO

Market for U.S. Tobacco in Western Germany 1/ by J. Barnard Gibbs Tobacco Marketing Specialist

Prospects for continued large sales of United States tobacco in Western Germany (United States, British and French Zones) appear somewhat more favorable than they did a year ago. Imports of United States leaf during the fiscal years 1948/49 and 1949/50 averaged about 67,000,000 pounds annually and there are now indications that for the next 2 to 3 years sales will about equal this amount. Much will depend on whether the country can obtain sufficient dollar exchange to continue purchases of tobacco and other needed import items. Prospects in this respect are not too discouraging. Industrial production in Western Germany has expanded during the past year and much larger quantities of goods including items that can be sold in the United States and other hard currency countries are available for export.

During the past 12 months consumer preference for United States tobaccos in cigarettes and smoking mixtures has become definitely established. During the last quarter of 1949, retail outlets were stocked with Oriental type cigarettes. Sales of them were limited, however, which completely convinced manufacturers of consumers' preference for American blended type cigarettes. There is also a strong preference for United States leaf in smoking mixtures, chewing tobacco and snuff, and in the cigar industry there is a demand for certain United States cigar types especially wrappers which, because of price considerations, are now preferred to Sumatra wrappers.

1/ Mr. Gibbs has recently been stationed in Paris, under provisions of the Research and Marketing Act to study and report on market outlets for United States tobacco in Western Europe. He spent the month of June in Western Germany and this report summarizes his findings of the current and probable future demand for United States leaf in that country.



Manufacturers have intensified their efforts to obtain larger supplies of United States leaf. In addition to the ECA funds which have been allocated for the purchase of tobacco, a number of special trade arrangements have been concluded under which the proceeds from sales of German goods in the United States can be used for the purchase of United States leaf.

Another significant development in recent months has been a movement for lower taxes on tobacco products. On February 20, 1950, taxes on cigars were reduced sufficiently to provide reductions in retail prices of from 20 to 30 percent in most classes of cigars. The lower prices were followed by substantial increases in sales. Reduction in taxes which will enable lower prices on cigarettes, smoking mixtures, chewing tobacco and snuff are also being contemplated. Should this occur, increased sales of the items would likely follow, thereby increasing demand for United States leaf, needed in their production.

As a result of increased purchasing power which has accompanied economic recovery in Western Germany, consumption of tobacco in the country has now increased to about 80 percent of the prewar level. If taxes on tobacco products other than cigars are reduced and economic conditions in the country continue to improve it is possible that annual consumption will exceed the prewar level as is now the case in most Western European countries.

The shift in consumers' preference to products containing United States leaf has given the United States a large share of the market and if adequate funds for the purchase of United States tobacco can be obtained it is anticipated that the share will remain at something near what it has been during the past two years.

A material increase in consumption is not anticipated until the calendar year 1951 since if taxes are reduced on tobacco products other than cigars it probably would not occur until after January 1, 1951. Larger imports, however, and especially imports of United States leaf are needed immediately to provide increased stocks. Total stocks of foreign leaf on July 1, 1950 were estimated at about 7 months' consumption requirement at the present restricted rate of consumption. Stocks of United States leaf were in shorter supply than leaf from other foreign sources.

It is probable that the United States share of about 50 percent of tobacco consumption in Western Germany can be maintained only for the next 2 to 3 years. Annual supplies of usable domestic leaf in the country will probably soon exceed 30,000,000 pounds which would reduce the over-all requirements for imported leaf unless total consumption was increased as a result of tax reduction or other factors. Production of domestic leaf has increased from less than 10,000,000 pounds (storage order weight) in 1946 to about 38,000,000 pounds in 1949. A crop of approximately 40,000,000 pounds is in prospect for 1950 and stocks of the leaf are being increased. If these developments continue, which now seems likely, supplies of aged domestic leaf for consumption might soon exceed 35,000,000 pounds annually. Limitation in suitable land for tobacco production and its competition with other crops might limit potential supplies of domestic leaf. It is probable, however, that production will soon exceed the prewar average of about 44,000,000 pounds.

The probable maximum future requirement of United States tobacco includes an estimated 10,000,000 pounds or more of cigar leaf and it is probable that this quantity will be reduced as increased supplies are available from Indonesia and Latin America. Most of Germany's prewar imports of cigar tobacco were from these two sources and there is a continued preference for it. It is also probable that imports of leaf suitable for smoking mixtures and cigarettes might be shifted to some extent from the United States and Oriental-type producing countries to certain soft currency surplus tobacco producing areas. It appears definite, however, that the preference for cigarettes and smoking mixtures containing a high percentage of United States leaf will continue. If taxes on tobacco products other than cigars are reduced substantially it is also anticipated that there will be a further shift in consumption from cigars to cigarettes and smoking mixtures.

The following tabulation giving percentages of tobacco consumption in different products in Western Germany prewar, 1949/50 and probable future requirements show the anticipated extent of the shift to cigarettes and smoking mixtures.

<u>Product</u>	<u>Prewar 1935/39 Percent</u>	<u>1949/50 Percent</u>	<u>Probable future requirement Percent</u>
Cigarettes	36	42	<u>1/</u> 46
Cigars	37	29	26
Smoking mix- tures	25	28	<u>1/</u> 27
Chewing and snuff	<u>2</u>	<u>1</u>	<u>1</u>
	100	100	100

1/ Assumes a substantial reduction in taxes.

Tobacco: Supply and Disappearance of Leaf Tobacco in
Western Germany - U.S., British & French Zones
1945-46 through 1949-50.

Year beginning July 1.	Domestic Leaf 1/	United States		Imported Leaf		Other Countries		Total Domestic	
		Cigar Leaf	Other	Type Countries	Cigar Leaf	Other	Imported Leaf	Imported	
	M. Tons	M. Tons	M. Tons	M. Tons	M. Tons	M. Tons	M. Tons	M. Tons	
<u>1945-46</u>									
Stocks July 1,	2,000	0	500	9,000	4,000	2,500	16,000	18,000	
New Supply	4,000	0	0	0	0	0	0	4,000	
Total Supply	6,000	0	500	9,000	4,000	2,500	16,000	22,000	
Consumption	2,000	0	100	2,400	1,000	500	4,000	6,000	
<u>1946-47</u>									
Stocks July 1,	4,000	0	400	6,600	3,000	2,000	12,000	16,000	
New Supply	7,500	0	0	0	0	0	0	7,500	
Total Supply	11,500	0	400	6,600	3,000	2,000	12,000	23,500	
Consumption	6,000	0	200	3,800	1,500	500	6,000	12,000	
<u>1947-48</u>									
Stocks July 1,	5,500	0	200	2,800	1,500	1,500	6,000	11,500	
New Supply	7,943	0	3,600	2,289	348	2/ 263	6,500	14,443	
Total Supply	13,443	0	3,800	5,089	1,848	1,763	12,500	25,943	
Consumption	8,000	0	2,000	4,500	1,200	1,300	9,000	17,000	
<u>1948-49</u>									
Stocks July 1,	5,443	0	1,800	589	648	463	3,500	8,943	
New Supply	10,700	5,600	23,260	13,200	5,695	0	47,755	58,455	
Total Supply	16,143	5,600	25,060	13,789	6,343	463	51,255	67,398	
Consumption	7,285	2,500	18,900	6,265	4,600	160	32,425	39,710	
<u>1949-50</u>									
Stocks July 1,	8,858	3,100	6,160	7,524	1,743	303	18,830	27,688	
New Supply	16,170	2,500	28,000	18,000	9,000	2,500	60,000	76,170	
Total Supply	25,028	5,600	34,160	25,524	10,743	2,803	78,830	103,858	
Consumption	8,687	4,630	24,174	11,597	7,200	1,833	49,434	58,121	
<u>1950-51</u>									
Stocks July 1,	16,341	970	9,986	13,927	3,543	970	29,396	45,737	

1/ Storage order weights. New supply is production in first named year.

2/ Flue-cured stems imported from the United Kingdom.

Compiled by Department Tobacco and Coffee, German Economic Administration, Frankfurt and Mr. J. Barnard Gibbs, United States Department of Agriculture.



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UNITED STATES TOBACCO EXPORT SITUATION

For all types combined, exports of United States unmanufactured tobacco during the current marketing year, 1949-50, have been above the level of shipments during the corresponding period of 1948-49. ^{1/} For most types, however, exports have been below the level of the previous year. Substantially larger shipments of certain types have thus accounted for the overall increase. This gain has been made in spite of continued restrictions by most importing countries on the use of dollar exchange for the purchase of tobacco from the United States, intensified efforts to increase exports on the part of certain soft currency surplus producing countries, and the continued endeavor on the part of many of the major importing countries to expand their own production and to shift imports from the United States to soft currency surplus producing countries. The improvement of the United States position has resulted from increasing consumption of tobacco products in leaf importing countries, their inability to obtain greatly increased supplies from domestic production and soft currency areas, the necessity in many countries for rebuilding depleted stocks, and from the financing of much of the United States exports with ECA funds.

Exports of United States leaf during the 3-months period, April-June 1950, totaled 103,524,000 pounds, or 36 percent above the 76,050,000 pounds shipped during the corresponding period of 1949, and 64 percent above the 63,305,000 pounds exported during January-March 1950. The relatively small volume shipped during the first quarter of 1950 resulted in a further decline in leaf stocks in a number of important leaf importing countries. In certain countries larger imports from the United States were necessary during April-June 1950 in order for consumption to be maintained. An important factor contributing to the increase during the second quarter of 1950 was the large shipments to the Philippine Republic. Exports to that country during April-June 1950 totaled 22,501,000 pounds, compared with less than 50,000 pounds during the second quarter of 1949 and 2,658,000 pounds during January-March 1950. This great increase in demand resulted from the policy of the Philippine Government of drastically restricting the importation of cigarettes and other manufactured tobacco products and promoting the consumption of domestically made products.

Continental Europe was the most important outlet for United States tobacco exports during April-June 1950, taking 62,796,000 pounds, or 61 percent of the total. This compares with 43,069,000 pounds during the corresponding period of 1949. Asia was the second most important export outlet during the

^{1/} Flue-cured marketing year July-June, all other types October-September. For this report data refer to the marketing year through June.

second quarter of 1950. Shipments to that area totaled 29,151,000 pounds during April-June 1950, compared with only 7,727,000 pounds during the corresponding quarter of 1949. Exports to other areas of the world during the second quarter of 1950 were as follows: United Kingdom and Ireland, 1,569,000 pounds; Africa, 4,954,000 pounds; Australia and New Zealand, 3,310,000 pounds; Latin America, 1,389,000 pounds; and other areas, 355,000 pounds. This compares with April-June 1949 shipments to the United Kingdom and Ireland of 14,354,000 pounds; Africa, 5,766,000 pounds; Australia and New Zealand, 3,303,000 pounds; Latin America, 1,464,000 pounds; and other areas, 367,000 pounds.

The outlook for exports of United States leaf tobacco for the next quarter of 1950 (July-September) appears generally favorable. Continued high or increasing consumption of tobacco products, coupled with low stocks of leaf, particularly stocks of United States leaf, in most tobacco importing countries, make it necessary for these countries to maintain or increase imports if the volume and character of products made available to consumers is to be maintained. Also, the desired quantities and qualities of leaf are not available in other surplus producing countries. Improved economic conditions in many tobacco importing countries should make it more nearly possible for those countries to purchase the leaf tobacco needed to fulfill their consumption requirements.

Exports by Types

Exports of flue-cured leaf for the 1949-50 marketing year (July 1949 through June 1950) totaled 387,118,000 pounds, or 15 percent above exports of 337,247,000 pounds during the 1948-49 marketing year. Low stocks and continued high demand for straight Virginia and United States type blended cigarettes have contributed to the increased demand for flue-cured leaf. Stocks of United States flue-cured are very low in most importing countries and the world effective demand for this type of leaf would be considerably greater if it were not for restrictions on trade by the principal tobacco importing countries.

Burley exports during the first 9 months of the 1949-50 marketing year (October 1949 through June 1950) totaled 23,705,000 pounds, compared with 24,084,000 pounds during the corresponding period of 1948-49 and an annual average of only 10,900,000 pounds during the prewar, 1934-35 through 1938-39 period. The increased manufacture of blended cigarettes in a number of foreign countries has resulted in a substantial increase in the export demand for this type of leaf as compared with prewar. However, most foreign manufacturers still use only a relatively small percentage of Burley in their blended cigarettes.

Exports of fire-cured leaf during October 1949-June 1950 totaled 19,960,000 pounds, composed of 14,601,000 pounds of Kentucky and Tennessee fire-cured, and 5,359,000 pounds of Dark Virginia leaf. This compares with exports during the corresponding period of 1948-49 of 23,185,000 pounds of Kentucky and Tennessee fire-cured leaf and 4,052,000 pounds of Dark Virginia. Decreased consumer demand for products made from this type of leaf and increased production of similar types in a number of importing countries as well as in other surplus tobacco producing countries have contributed to a lower demand for United States fire-cured leaf.

TOBACCO (unmanufactured): Exports from the United States by types 1949-50
marketing year through June 1950 with comparisons 1/
(Export Weight)

Types	Totals for Marketing Years			Marketing Years	
	Average			Through	June
	: 1934-35 :	: 1946-47 :	: 1947-48 :	: 1948-49 :	: 1949-50 :
	: 1,000 :	: 1,000 :	: 1,000 :	: 1,000 :	: 1,000 :
	: pounds :	: pounds :	: pounds :	: pounds :	: pounds :
Flue-cured	: 318,865 :	: 480,586 :	: 312,804 :	: 337,247 :	: 387,118 :
Burley	: 10,900 :	: 43,471 :	: 23,987 :	: 36,519 :	: 24,084 :
Kentucky-Tennessee	: 51,389 :	: 22,635 :	: 17,785 :	: 31,994 :	: 23,185 :
Fire-cured	: 9,503 :	: 7,097 :	: 7,968 :	: 5,777 :	: 4,052 :
Dark Virginia	: 5,189 :	: 5,454 :	: 7,031 :	: 8,730 :	: 6,874 :
Maryland	: 3,030 :	: 1,545 :	: 754 :	: 3,055 :	: 2,829 :
Green River	: 886 :	: 2,023 :	: 1,137 :	: 6,208 :	: 4,911 :
One Sucker	: 8,974 :	: 4,350 :	: 5,293 :	: 5,171 :	: 3,916 :
Black Fat	: 1,380 :	: 4,997 :	: 6,405 :	: 20,746 :	: 18,142 :
Cigar Leaf	: 129 :	: 172 :	: 93 :	: 32 :	: 10 :
Perique	: 19,497 :	: 15,891 :	: 10,650 :	: 7,730 :	: 7,388 :
Stems and Scrap					: 1,579 :

1/ Flue-cured marketing year July-June, all other types October-September. The data include stemmed and unstemmed leaf. The two kinds are combined as reported, i.e., stemmed leaf has not been converted to an unstemmed basis.

Compiled from official records of the Bureau of the Census, U. S. Department of Commerce.

TOBACCO (unmanufactured): Exports from the United States
to designated regions, total and by types
April-June 1950 with comparisons 1/
(Export Weight)

Region	All Types		Flue-cured		Burley		Kentucky-Tenn. Fire-cured	
	1949	1950	1949	1950	1949	1950	1949	1950
	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
	pounds	pounds	pounds	pounds	pounds	pounds	pounds	pounds
United Kingdom and Ireland	14,354	1,569	12,713	867	142	0	1,091	654
Cont'l Europe	43,069	62,796	12,662	41,246	6,569	9,927	9,479	6,046
Africa	5,766	4,954	1,587	2,226	663	111	629	811
Asia	7,727	29,151	6,593	26,550	14	772	0	4
Australia and New Zealand	3,303	3,310	2,897	3,168	150	0	30	30
Latin America	1,464	1,389	686	1,071	525	177	118	83
All Other	367	355	64	0	0	0	41	78
Total	76,050	103,524	37,202	75,128	8,063	10,987	11,388	7,706
	Dark Virginia		Maryland		Green River		One Sucker	
United Kingdom and Ireland	35	4	10	0	359	43	0	0
Cont'l Europe	836	885	765	2,165	1,802	0	2,983	76
Africa	22	39	0	47	45	71	489	631
Asia	23	1,461	0	264	0	0	0	0
Australia and New Zealand	216	109	0	0	0	0	0	0
Latin America	66	5	2/	2/	1	1	16	15
All Other	0	0	0	0	0	0	0	0
Total	1,198	2,503	775	2,476	2,207	115	3,488	722
	Black Fat		Cigar Leaf		Perique		Stems and Scrap	
United Kingdom and Ireland	0	0	1	1	3	0	0	0
Cont'l Europe	0	0	6,505	1,880	0	0	1,468	571
Africa	1,197	735	836	215	0	0	298	68
Asia	0	0	12	19	0	0	1,085	81
Australia and New Zealand	0	0	10	3	0	0	0	0
Latin America	35	11	13	26	0	0	4	0
All Other	10	7	252	257	0	13	0	0
Total	1,242	753	7,629	2,401	3	13	2,855	720

1/ Data include stemmed and unstemmed leaf. The two kinds are combined as reported, i.e., stemmed leaf has not been converted to an unstemmed basis.

2/ Less than 500 pounds.

Compiled from official records of the Bureau of the Census, U. S. Department of Commerce.

In addition to flue-cured, Burley and fire-cured, United States exports of other types during October 1949 - June 1950 were as follows: Maryland, 5,774,000 pounds; Green River, 815,000 pounds; One-Sucker, 1,880,000 pounds; Black Fat, 2,257,000 pounds; Cigar Leaf, 6,765,000 pounds; Perique, 47,000 pounds; and Stems and Scrap, 1,579,000 pounds. This compares with exports during the corresponding period of the 1948-49 marketing year as follows: Maryland, 6,874,000 pounds; Green River, 2,829,000 pounds; One-Sucker, 4,911,000 pounds; Black Fat, 3,916,000 pounds; Cigar Leaf, 18,142,000 pounds; Perique, 10,000 pounds; and Stems and Scrap, 7,388,000 pounds. -- By Clarence E. Pike, based in part upon U. S. Foreign Service Reports and other data.

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FOREIGN AGRICULTURE CIRCULAR

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UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C.

FT-11-50

September 7, 1950

FOREIGN MARKET NOTES--TOBACCO

The Market for United States Tobacco in Belgium and Luxemburg 1/
by J. Barnard Gibbs
Tobacco Marketing Specialist

Belgium and Luxemburg continue to comprise one of the principal export markets for United States tobacco but there are indications for some decline in sales to these countries. There is little likelihood in these countries of a decline in total tobacco consumption, which currently is slightly below the prewar level as a result of high taxes on tobacco products. A material increase in domestic production of leaf or restrictions in dollar exchange that would curtail purchases of United States leaf also are unlikely. Declines will likely occur from high prices for United States tobacco and curtail sales in the countries of products containing a high percentage of the leaf.

Imports of United States tobacco in 1949 for consumption in Belgium and Luxemburg were somewhat below those of 1948, while imports of leaf from other sources increased substantially. This trend is expected to continue in 1950 and possibly in subsequent years. Some manufacturers and dealers report that they are restricting their orders for 1950 crop United States leaf and are arranging larger purchases from competitive sources where prices are lower and dollar exchange is not required.

Competition in the tobacco industry in the countries is very keen. Profits to manufacturers are limited and quality is frequently sacrificed for reasons of price. Consequently, substitutes for United States leaf find a ready market if prices are lower.

Production of tobacco in Luxemburg is insignificant and production in Belgium has declined sharply since the war as a result of decreased demand for the leaf. The tobacco is of low quality and with current low duties on imported leaf the demand for domestic leaf is limited. The present duty of 4.13 Belgian

1/ Preliminary report of a continuing study of foreign market outlets and competition with United States tobacco, conducted under the provisions of the Research and Marketing Act. Mr. Gibbs acknowledges the help given him by the Staffs of the United States Embassies at Paris and Brussels.

Francs per kilo (\$0.037 U. S. Currency per pound) compares with the prewar rate of 5 francs per kilo (about \$0.08 U. S. Currency per pound). It will be noted that as a result of the higher duty and difference in exchange rate from prewar, the current duty when expressed in dollars is less than one-half of the prewar rate. On an ad valorem basis the current duty is only about one-fourth of the previous duty. Consequently, manufacturers have shifted to greatly increased use of imported leaf.

As a result of low prices for the leaf the acreage planted to tobacco in Belgium declined from about 11,600 acres in 1946 to an estimated 1950 acreage of only 2,700 acres. Production dropped from about 18 million pounds storage order weight in 1946 to less than 6 million in 1949 and some further decline is in prospect for 1950. Growers have objected to the low prices offered and have requested an increase in the import duty sufficient to enable their tobacco to compete successfully with imported leaf. Under the Belgium, Luxemburg, and Netherlands tariffs agreement, however, the Netherlands has to be consulted with regard to import duties, and since there is only a very limited production of tobacco in the Netherlands, the Netherlands Government does not favor an increase in duty. This together with pressure from Belgian and Luxemburg manufacturers for continued low duties on imported leaf is expected to prevent a significant increase.

In the absence of possibilities for effective duty increase, the Belgian Ministry of Agriculture is attempting through experimental work with new types of tobacco and improved culture practices to raise the quality of domestic leaf to where it will be more competitive with imported tobacco. It is anticipated, however, that developments in this respect will be slow and because of soil and climatic conditions favorable results are doubtful.

In prewar years Belgium and Luxemburg produced close to one-fourth of their leaf requirements and imported about three-fourths. Consumption in the countries has not changed materially and at present less than one-eighth of the total is from domestic leaf and over seven-eighths imported. Of the prewar imports one-third came from the United States and the balance from other sources. Since the war, however, shifts in consumer demand have increased the United States share in imports to nearly two-thirds of the total. Present conditions indicate a decline in the United States share in the market but it is not expected to fall to the prewar level.

The increased demand for United States leaf since the war has resulted from consumers' shifting from cigars and smoking mixtures to cigarettes, and to the demand from increased proportions of United States leaf in smoking mixtures. In prewar years about 13 percent of the tobacco consumed in the countries was in cigars, 60 percent in smoking mixtures and 27 percent in cigarettes. Since the war cigarette consumption has represented about 47 percent of the total. Cigars have dropped to 6 percent and smoking mixtures to 47 percent. The decline in smoking mixtures has been largely in pipe tobacco. Mixtures for roll-your-own cigarettes have not declined greatly. In factory-made cigarettes American blended types and other blended cigarettes requiring a large percentage of United States flue-cured and Burley leaf have accounted for most of the consumption. The use of these tobaccos in smoking mixtures has increased. The demand for United States fire-cured and dark-cured types used in smoking mixtures and chewing and snuff has declined.

During the past two years the consumption of smoking mixtures has increased slightly and cigarette consumption has had a corresponding decrease. In cigarettes there has also been a shift to increased use of lower quality tobacco. Consequently, somewhat smaller quantities of United States tobaccos are needed. This trend is expected to continue.

The Belgian and Luxemburg Governments, in cooperation with the Netherlands, plan to increase taxes on cigarettes and decrease taxes on other major tobacco products. Proposed excise taxes as a percentage of retail prices together with existing taxes in Belgium and Luxemburg and in the Netherlands are as follows:

	Proposed Rate <u>Percent</u>	Existing Rates	
		Belgium and Luxemburg <u>Percent</u>	Netherlands <u>Percent</u>
Cigars closed tip weighing over 7.7 pounds per 1,000	27	39	26
Other cigars	33	41	32
Cigarettes	62	57	58
Smoking tobacco and dry chewing and snuff	40	49	37.5
Damp chewing and snuff	1 Bel. Fr. per kg.	1 Bel. Fr. per kg.	37.5

In addition to excise taxes, tobacco products and leaf used in their manufacture in Belgium, Luxemburg and the Netherlands also, are subject to turnover or sales taxes and it is reported that these taxes are to be reduced or abolished on products other than cigarettes.

It is not expected that increased taxes on cigarettes together with the decline in taxes on cigars and smoking mixtures will result in consumption of cigarettes declining to the prewar level. However, a decline will occur. Furthermore, cigarette manufacturers will probably attempt to absorb part of the price increase resulting from higher taxes by using lower priced leaf. The effect of these two factors will be to decrease purchases of United States leaf, especially if prices for it remain at the existing high level.

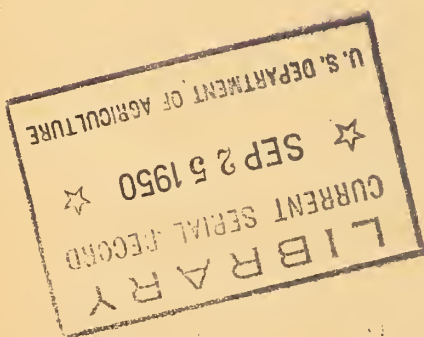
Stocks of leaf tobacco in Belgium and Luxemburg have remained low. Stocks of United States leaf are reported at below 6 months consumption requirements while stocks from some other sources represent about a one-year supply at present rate of consumption.

The following tabulation shows quantities of tobacco made available in Belgium and Luxemburg, 1935-39 average, and 1946 through 1949. 2/

	1935-39 average	1946	1947	1948	1949
	Mill. lb.	Mill. lb.	Mill. lb.	Mill. lb.	Mill. lb.
Domestic production <u>3/</u>	11.5	17.5	10.7	5.1	5.6
United States leaf	13.2	20.9	25.7	28.9	25.3
All other	24.7	16.6	14.9	12.9	16.6
Total	49.4	55.0	51.3	46.9	47.5

2/ Data include revisions of figures from those given in circular FT 14,49 released July 27, 1949.

3/ Approximate weight, storage order basis.





FOREIGN AGRICULTURE CIRCULAR

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UNITED STATES DEPARTMENT OF AGRICULTURE
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FOREIGN MARKET NOTES--TOBACCO

The Market for United States Tobacco in the Netherlands 1/

by J. Barnard Gibbs
Tobacco Marketing Specialist

The market for United States tobacco in the Netherlands is declining as a result of high prices for the leaf, the Netherlands Government policy of restricting exchange for purchase of tobacco from dollar areas, and fiscal measures which curtail consumption of products containing principal types of United States tobacco. As a result of these factors, and particularly restriction in exchange, the United States share of total leaf imports into the country has declined from an average of 78 percent for the immediate postwar years 1946 and 1947, to 48 percent in 1948 and 42 percent in 1949. This trend is expected to continue in the immediate future but the United States share in the market will probably not fall to its prewar position when only 27 percent of the country's imports came from the United States.

Current consumption of tobacco in the Netherlands is at about the prewar level and the country continues to depend almost entirely on imports for leaf use in the manufacture of tobacco products. Production of leaf in the country is limited to about one million pounds annually, most of which is used in the production of insecticides. There is keen competition in the industry and manufacturers of tobacco products are constantly searching for sources of low priced leaf. Consequently, over the long term the United States share in the market will depend largely on the price relationship between United States leaf and somewhat similar tobacco from other countries. Until there has been some improvement in the current unfavorable exchange position, however, the market will be governed largely by dollar exchange authorized by the Netherlands Government.

1/ Preliminary report of a continuing study of foreign market outlets and competition with United States tobacco, conducted under provisions of the Research and Marketing Act. Mr. Gibbs acknowledges the help given him by the Staffs of the United States Embassies at Paris and The Hague.

Under present conditions the Netherlands Government restricts dollar exchange for the purchase of tobacco to a portion of the funds provided by ECA. In its programing of ECA funds dollars allowed for tobacco are limited to amounts which the Government considers necessary to purchase essential needs. Practically no free dollars are authorized for the purchase of tobacco and trades of Netherlands goods for United States tobacco are not permitted. Government's decisions with respect to the country's essential needs for United States tobacco do not allow purchases of sufficient leaf to meet consumer demands. As a consequence some cigarettes from the United States and other sources are smuggled into the country. Since the establishment in October 1949 of the free exchange of leaf tobacco and tobacco products between the Netherlands, Belgium and Luxemburg there also have been substantial shipments into the Netherlands of United States and British type cigarettes and smoking mixtures from Belgium and Luxemburg. To correct these developments the Netherlands Government in cooperation with the Governments of Belgium and Luxemburg plans to modify taxes on tobacco in the three countries to favor the consumption of products containing low percentages of United States leaf and to arrange for Belgium to supply some quantities of United States leaf to the Netherlands.

The proposed tax program for the three countries will reduce taxes on cigars, maintain taxes on smoking mixtures at about the existing rate and increase taxes on cigarettes. The effect will be to curtail consumption of United States leaf. Only limited quantities of United States leaf are used in cigars and its use in smoking mixtures is not as essential as in cigarettes. With respect to United States leaf sent from Belgium to the Netherlands, it is proposed that Belgium importers supply essential needs in the Netherlands that cannot be obtained with ECA funds authorized by the Netherlands Government.

At present the percentage of total leaf used in products from different sources consumed in the Netherlands is approximately as follows: 2/

	<u>Cigars</u> <u>percent</u>	<u>Smoking</u> <u>Mixture</u> <u>percent</u>	<u>Cigarettes</u> <u>percent</u>	<u>Total</u> <u>percent</u>
Domestic manufacture	20	45	24	89
Shipments from Belgium	1	3	4	8
Legal imports	<u>3/</u>	<u>3/</u>	1	1
Smuggled	<u>3/</u>	<u>3/</u>	2	2
Total	<u>21</u>	<u>48</u>	<u>31</u>	<u>100</u>

2/ Consumption of leaf in chewing and snuff tobacco in the Netherlands representing less than 1.0 percent of total leaf consumption.

3/ Less than 0.5 percent.

It appears definite that an agreement will be reached among the Netherlands, Belgium and Luxemburg to modify the tax program for the three countries to favor cigars and smoking mixtures. Cigarettes will then probably represent

less than 30 percent of leaf consumed, and the proportion consumed in cigars and smoking mixtures would increase. It is unlikely, however, that the percent of leaf used in cigarettes will decline to the prewar level of approximately 23 percent in contrast with 35 percent in cigars and 42 percent in smoking mixtures.

The preference for United States flue-cured and Burley leaf in cigarettes in the Netherlands is well established and the same is true to a lesser degree in smoking mixtures. Consequently, if the country's dollar exchange position improves, consumption of these types of leaf would increase provided they could be purchased at prices generally comparable with substitute leaf from other countries. The consumption of blended type cigarettes has declined during the past two years as limitations in dollar exchange have caused manufacturers to substitute other leaf for United States flue-cured and Burley in their blends. The trend has been to the so-called Virginia type cigarettes, which are manufactured largely from United States flue-cured leaf, but contain substantial amounts of flue-cured from other sources, and oriental leaf. Attempts to promote sales of cigarettes made exclusively from oriental tobacco have been unsuccessful.

At present it is estimated that approximately 75 percent of the cigarettes sold in the country are of the Virginia type, about 23 percent blended and 2 percent oriental. Most of the domestic manufactured cigarettes are of inferior quality and higher prices are readily paid by a substantial part of the population for quality cigarettes reaching the Netherlands from Belgium and other countries. It is reported that well over half of these cigarettes are of the United States blended type. Some observers believe that if adequate supplies of good quality United States leaf could be obtained for the domestic manufacture of blended cigarettes they would replace a substantial portion of the Virginia cigarettes.

In the smoking tobacco field large portions of United States flue-cured and Burley tobaccos are desired. However, substitute leaf from other countries is more readily usable than is the case with cigarettes. Consequently, purchases of the United States types by smoking tobacco manufacturers are largely governed by prices and the availability of substitute leaf. The need for United States flue-cured and dark air-cured types in smoking mixtures is much below prewar as a result of smokers' demand for lighter type mixtures. The percentage of smoking mixture currently used in roll-your-own cigarettes is far above prewar.

As a result of increased imports during the past year total stocks of leaf tobacco in the Netherlands have been increased substantially. They are still less than 9 months consumption duration, however, and are unbalanced as between types. In an effort to meet competition from products entering the country from Belgium and other sources manufacturers have drawn on stock of United States leaf during recent months. Stocks of it are below 9 months consumption requirements while stocks of oriental and certain other types are well above 9 months.

The following tabulation shows imports of leaf tobacco into the Netherlands from the United States and other sources prewar 1935/39 average and 1946 through 1949.

	Average 1935-39	1946	1947	1948	1949
	mill. lb.	mill. lb.	mill. lb.	mill. lb.	mill. lb.
United States	17.9	20.0	58.3	17.9	29.3
All other	49.4	4.0	17.9	18.7	41.1
Total	67.3	24.0	76.2	36.6	70.4

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UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C.

FT-13

September 14, 1950

FORECAST LITTLE CHANGE IN NORTH TEMPERATE ZONE TOBACCO PRODUCTION

Based on preliminary estimates, the North Temperate Zone's harvest of leaf tobacco during 1950 is forecast at 5,100 million pounds, or approximately 1 percent above the revised estimate of 1949 production of about 5,050 million pounds.

The 1950 crop forecast is about 5 percent below the 1948 harvest but 14 percent above the prewar, 1935-39, average. An estimated increase in production for China largely accounts for the slightly larger harvest forecast for 1950. The combined production for all countries, excluding China, would be about the same as in 1949. Since reliable estimates are still unavailable for China and several other important tobacco producing countries, the present forecast is subject to considerable change.

The North Temperate Zone's 1950 production of flue-cured leaf, the principal type entering world trade, is expected to be somewhat above the 1949 output. An increase over the 1949 outturn of flue-cured leaf is expected in the United States, China, and Japan. It is anticipated, however, that a part of the increase in 1950 production in these countries will be offset by smaller crops in Canada and Korea. In the case of Oriental or Turkish-type tobacco, another important type entering world trade, it is estimated that the 1950 harvest will about equal the 1949 output.

The 1950 production of light air-cured types including Burley, which are grown to some extent in most tobacco producing countries, is expected to be somewhat below the 1949 output, primarily as a result of a decline forecast in the production of these types for the United States. The production of dark types, including cigar leaf, may about equal the 1949 outturn.

North America. Canada's 1950 tobacco crop is unofficially estimated at approximately 114 million pounds, or about 18 percent below the 1949 harvest of almost 140 million pounds. The area planted to tobacco was about the same as in 1949, but a decline from the high 1949 yield is expected. The indicated 1950 crop is 10 percent below the 1948 harvest, but still almost 50 percent above the 1935-39 average of about 77 million pounds.

The United States crop of all types was forecast as of August 1 at 1,933 million pounds, compared with the 1949 harvest of 1,970 million pounds and the prewar, 1935-39, production of 1,460 million pounds. The 1950 indicated production of flue-cured leaf of 1,146 million pounds is about 3 percent above the 1949

harvest of 1,115 million pounds. A decline of 12 percent is forecast for fire-cured leaf, 11 percent for Burley, 10 percent for Maryland, and 5 percent for dark air-cured. An increase of 4 percent is forecast for cigar leaf.

Europe. The 1950 production of tobacco in Europe, excluding the Soviet Union, is estimated at about 6 percent above the 1949 harvest. Increases over 1949 are reported for Bulgaria, France, Western Germany, Greece, and Italy. Little change from the 1949 level of production is now anticipated in most other European tobacco growing countries. The total 1950 production for Europe is estimated at 740 million pounds from 890,000 acres, compared with the 1949 production of about 700 million pounds from 840,000 acres and the prewar, 1935-39, average of 675 million pounds from 680,000 acres.

Soviet Union. Authentic information on tobacco production in the Soviet Union in recent years is not available, but rough estimates indicate an output in 1950 about 5 percent above 1949 but still approximately 15 percent below the prewar average production of around 525 million pounds.

Asia. Reliable estimates of China's 1950 production are unavailable, but fragmentary reports indicate a tobacco crop somewhat above 1949 but still over 20 percent below the large 1948 harvest of 1,593 million pounds. Japan's 1950 crop is also expected to be above the 1949 harvest, but the estimated production for Korea is below 1949. Turkey's 1950 crop is forecast at approximately 200 million pounds, or 7 percent below the revised estimate for 1949 of 215 million pounds. For other Asia Minor countries, including Iran, Iraq, Syria and Lebanon, which produce tobacco somewhat comparable in type to Turkish leaf, 1950 harvests are generally expected to equal approximately 1949 productions. For all the temperate zone of Asia, 1950 harvests are estimated at 1,820 million pounds from 1,880,000 acres. This compares with 1,775 million pounds from 1,980,000 acres in 1949 and the prewar, 1935-39, average of 1,700 million pounds from 1,675,000 acres.

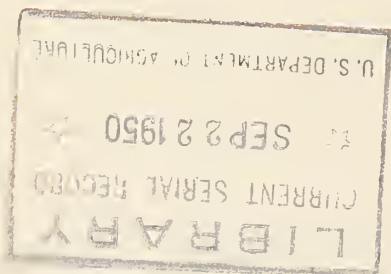
Africa. The 1950 production of tobacco in the North Temperate Zone countries of Africa is estimated to approximately equal the 1949 output. The combined production of Algeria, Morocco, and Tunisia is estimated at 46 million pounds from 65,000 acres, or the same as for 1949. This compares with the 1935-39 average of about 41 million pounds from 58,000 acres.

This is one of a series of regularly scheduled reports on world agricultural production approved by the Office of Foreign Agricultural Relations Committee on Foreign Crop and Livestock Statistics. It is based in part upon reports of U. S. Foreign Service Officers in the countries referred to.

TOBACCO: Acreage, yield per acre, and production in specified north temperate zone countries, average 1935-39, annual 1948, 1949 and 1950

Continent and Country	Acreage		Yield per Acre 1/		Production	
	Average : 1935-39	1948	Average : 1935-39	1948	Average : 1935-39	1948
NORTH AMERICA:						
Canada	69	111	110	1,145	1,056	126,629
United States	1,647	1,555	1,596	1,274	1,211	1,981,272
Estimated total 3/	1,716	1,666	1,706	-	-	2,107,901
EUROPE:						
Albania	5	-	-	-	-	-
Belgium	6	4	-	1,571	-	6,314
Bulgaria 4/	94	-	-	-	-	44,000
Czechoslovakia 4/	24	15	14	1,503	-	19,863
France	44	64	75	1,663	1,467	106,597
Germany 4/	35	22	23	1,450	1,720	74,355
Greece 4/	226	177	199	455	565	132,619
Hungary 4/	37	47	53	1,076	-	50,706
Italy 4/	81	144	135	1,173	-	164,077
Poland 4/	17	36	35	1,538	-	28,566
Rumania 4/	44	69	-	556	-	28,697
Spain	-	22	22	-	-	17,522
Sweden	1	1	1	1,403	1,525	30,864
Switzerland	1	1	-	1,539	1,459	974
Yugoslavia 4/	39	2	2	1,571	1,730	5,854
Estimated total 3/	680	790	840	-	-	62,000
U.S.S.R.	490	-	-	-	-	675,000
ASIA:						
Iran	32	35	32	628	776	22,262
Iraq	11	11	-	802	-	8,818
Lebanon 5/	13	5	5	534	495	3,137
Syria 5/	194	262	15	553	534	8,377
Turkey	1,228	1,529	1,200	622	640	128,505
China 4/	92	125	124	1,042	1,000	1,254,539
Japan	46	38	49	1,821	1,810	1,600
Korea 4/	1,675	2,080	1,980	1,199	1,428	1,582
Estimated total 3/	4,619	5,110	5,150	-	-	4,478,000
AFRICA:						
Algeria	56	51	60	843	675	42,990
Tunisia	1	2	3	1,185	714	1,202
Estimated total 3/	58	55	65	-	-	40,500
Estimated north temperate zone total 3/	4,619	5,110	5,150	-	-	5,368,000

1/ Some yields are calculated from detailed acreage and production estimates rather than estimatee rounded to the nearest thousand. 2/ Preliminary. 3/ Totals include approximations for countries not listed and for countries listed where data are not available. 4/ Data for 1935-39 not comparable with subsequent years. Data for 1948, 1949 and 1950 are for postwar areas. In the case of Germany, data for 1949, 1948, and 1950 are for Western Germany only. For Korea, postwar data are for South Korea only. In the case of China, postwar data are for all China except Manchuria, 1935-39 data are for Free China only. 5/ Less than a 5-year average. 6/ Separate data for Syria and Lebanon not available for 1935-39.





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FOREIGN MARKET NOTES--TOBACCO

The Tobacco Situation in Italy 1/

By J. Barnard Gibbs
Tobacco Marketing Specialist

Italy has greatly surpassed its prewar position as a tobacco producing and exporting country, and has reduced its import requirements to relatively small quantities of United States and oriental-type tobaccos needed for blending purposes. There are possibilities for further expansion in production and exports, but increases, if any, may be small. Expansion in tobacco exports has been possible partly as a result of a general shortage in dollar exchange which has caused some importing countries to shift to Italian leaf in place of American. If the exchange situation improves and prices for United States leaf are held at reasonable levels, the export of Italian tobacco may be reduced. Furthermore, there are indications for additional increases in consumption in Italy which may restrict supplies available for export.

Over one-half of Italy's current production of tobacco is of United States types; nearly one-third is of oriental-type, and the balance native leaf. The United States and oriental types do not compare in quality with United States tobacco and leaf from the oriental tobacco producing countries of Turkey, Greece, Bulgaria, and Yugoslavia. This places the Italian leaf at a disadvantage in export trade. Tobacco experiment stations of the Italian monopoly, however, have done excellent work in improving the quality of United States and oriental types grown in Italy. Through special trading arrangements, the monopoly has also been able to develop export outlets in spite of deficiencies in quality of its leaf.

Production

Italian production of tobacco by types, 1935-39 average and 1945 through 1949, is shown in table 1.

1/ Preliminary report of a continuing study of foreign market outlets and competition with United States tobacco, conducted under provisions of the Research and Marketing Act.

Table 1.--Italy: Production of tobacco by types, average 1935-39 and annual 1945 through 1949

Type	1935-39 average	1945	1946	1947	1948	1949
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
United States types:						
Kentucky fire-cured.....	38.3	12.8	35.2	49.9	47.8	43.6
Flue-cured.....	3.0	2.1	8.1	12.2	10.7	13.5
Maryland.....	3.2	0.9	2.5	6.0	6.9	5.6
Burley.....	4.1	2.3	6.6	11.4	12.4	11.1
Total.....	48.6	18.1	52.4	79.5	77.8	73.8
Oriental type.....	27.1	9.8	26.2	48.6	46.6	40.4
All Other.....	10.3	6.1	16.9	23.7	23.6	18.3
Grand total.....	86.0	34.0	95.5	151.8	148.0	132.5

Complete information regarding the 1950 crop is not available. The acreage planted was only slightly above the 1949 acreage and changes from 1949 for the respective types were not exceptionally large. The crop was planted under favorable conditions and early season progress was satisfactory. Dry weather occurred during the middle of the season, however, and reduced anticipated yields. As of September 15, it was expected that the crop would be somewhat below the 1949 output.

Imports

Records for many years show that Italy has never imported significant quantities of tobacco products. Prior to the first World War, however, it imported more than half of its leaf tobacco requirements, principally fire-cured types, from the United States. Domestic production of leaf was expanded rapidly in the second half of the 1920's and imports were reduced to only a fraction of consumption requirements. Beginning with the 1930's, the country became a net exporter. Imports since the mid-twenties have been limited to United States and oriental types needed for blending purposes, except immediately following World War II when relatively large imports were made to increase stocks and supplement lower domestic production.

It will be noted that immediately following World War II the demand for United States types had shifted from Kentucky fire-cured to other types, principally Burley and flue-cured. In 1948-49, however, imports of fire-cured exceeded those of other types and it is anticipated that this situation will continue. United States fire-cured is needed in the production of Italian Toscani-type cigars, and requirements for the next few years for this purpose are expected to exceed requirements of flue-cured and Burley needed in the production of

United States blended-type cigarettes. The consumption of Toscani-type cigars in the country is decreasing, however, and in time requirements for all types of United States leaf may be insignificant.

Table 2.--Italy: Tobacco imports by principal sources for the July-June fiscal years, average 1934-35 through 1938-39, and annual 1946-47 and 1948-49

Sources	1934-35 1938-39 average	1946-47	1947-48	1948-49
	<u>Million</u> <u>pounds</u>	<u>Million</u> <u>pounds</u>	<u>Million</u> <u>pounds</u>	<u>Million</u> <u>pounds</u>
From the United States:				
Kentucky fire-cured.....	0.3	1.5	1.4	2.1
Other types.....	0.2	5.9	17.4	1.7
Total.....	0.5	7.4	18.8	3.8
Oriental-type countries.....	4.6	3.9	16.9	7.1
All other.....	0.2	3.3	4.8	0.9
Grand total.....	5.3	14.6	40.5	11.8

Exports

Italy has never been a large exporter of tobacco products but, as has been noted, it became a significant exporter of leaf tobacco in the 1930's.

Exports for the fiscal year July 1949 to June 1950 were the largest on record and totaled 23.0 million pounds as compared with the prewar average of only 9.8 million pounds. Exports in 1950-51 may about equal the 1949-50 level, but some decline in subsequent years is likely, especially if dollars available to importing countries are sufficient to enable their obtaining larger supplies from the United States.

Most of Italy's leaf exports have been to other European countries, and in the past year or two have been comprised of about 50 percent oriental types, 40 percent United States types, and 10 percent others. Beginning with 1948, some Italian oriental-type leaf has been exported to the United States in exchange for American cigarettes. The principal export outlet in 1949-50 was the Soviet Union, which accounted for 26 percent of the total. The Netherlands took 25 percent, Poland 16 percent, and Germany, including Eastern Germany, 11 percent. Other countries, in order of their importance, included Switzerland, the United States, Sweden, and the United Kingdom.

Table 3.--Italy: Total tobacco leaf exports from Italy for the July-June fiscal years, average 1934-35 through 1938-39, and annual 1946-47 through 1949-50

1934-35 1938-39 average	1946-47	1947-48	1948-49	1949-50
<u>Million pounds</u>	<u>Million pounds</u>	<u>Million pounds</u>	<u>Million pounds</u>	<u>Million pounds</u>
9.8	3.2	4.5	4.9	23.0

Consumption

Consumption of tobacco in Italy has increased rapidly since World War II and it is anticipated that the upward trend will continue, though not at the rate of the past few years. Even prior to February 1, 1948, when rationing of tobacco products was discontinued, consumption was above the prewar average. During the fiscal year July 1949 to June 1950, it was 38 percent above the prewar average. Larger consumption has resulted from increased population, increased smoking by women, and from the shift from Toscani cigars and dark strong cigarettes and smoking mixtures to milder products, particularly oriental-type cigarettes.

Table 4.--Italy: Consumption of tobacco products for July-June fiscal years, average 1934-35 through 1938-39, and annual 1946-47 through 1949-50

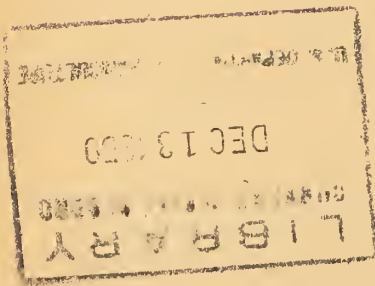
Product	1934-35 1938-39 average	1946-47	1947-48	1948-49	1949-50
	<u>Million pounds</u>	<u>Million pounds</u>	<u>Million pounds</u>	<u>Million pounds</u>	<u>Million pounds</u>
Cigarettes.....	37.5	45.5	50.6	62.6	65.9
Cigars.....	8.6	7.7	8.5	6.9	6.7
Cut tobacco.....	13.7	13.4	10.8	12.0	12.4
Chewing and snuff..	2.6	1.9	1.1	1.2	1.2
Total.....	62.4	68.5	71.0	82.7	86.2

It will be noted that consumption of cigarettes has increased rapidly from prewar and that consumption of all other products has declined. In the cigarette field there has been a shift from dark types containing fire-cured and other dark tobacco to the straight oriental and United States blended-type cigarettes. Because of the country's large domestic production of oriental-type tobacco and its relatively limited export market for this type, the Italian

monopoly has followed a policy of encouraging increased consumption of the oriental cigarette. It has not promoted the United States blended type, and since quality of the cigarettes is inferior because of the limited use of United States leaf in the blends, these cigarettes are losing ground to the oriental type.

Stocks

Stocks of leaf tobacco in Italy at the close of World War II were only a small fraction of the prewar average of about 250 million pounds. They were increased rapidly, however, by imports and increased domestic production. On January 1, 1948, stocks of aged leaf were estimated at approximately 86 million pounds. As a result of the record domestic crops in 1947 and 1948, stocks of old leaf on January 1, 1950, had increased to about 150 million pounds. Lower production in 1949, increased exports, and increased domestic consumption will probably result in January 1, 1951, stocks being slightly below those at the beginning of 1950. Current stocks are only about 60 percent of the prewar level and represent only 18 months' consumption duration, as compared with over 36 months in prewar years. The lower level, however, is sufficient to supply aged leaf for domestic manufacture and substantial exports.





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FOREIGN MARKET NOTES--TOBACCO

The Market for United States Tobacco in Austria ^{1/}

By J. Barnard Gibbs
Tobacco Marketing Specialist

The United States share in purchases of tobacco by Austria has declined sharply during the past year, and there are indications for some further decline during the next few years. It is not anticipated, however, that there will be a return to the prewar position, when only about 5 percent of the country's imports were from the United States. The United States share of total imports fell from about 45 percent in 1948 to 30 percent in 1949. A further decline is anticipated for 1950, and for the next few years may average only between 20 and 25 percent of total imports. The continued decline is expected to result from the Austrian Tobacco Monopoly's inability to obtain adequate dollar exchange for purchases of United States leaf and from its being higher in price than usable tobacco from other sources.

Domestic production of tobacco in Austria represents less than 5 percent of the country's requirements. Since the war, most of the imported supply has been from the United States and the oriental-type producing countries of Turkey, Greece, and Bulgaria. Beginning with 1949, however, the United States share in the total has declined, and the proportions from the Oriental tobacco producing countries and from other sources have increased sharply.

It will be noted that the total volume of imports increased substantially in 1949. The upward trend has been continued in 1950. Imports during the first 7 months of the year totaled 11.5 million pounds as compared with only 6.5 million during the corresponding months in 1949.

^{1/} Preliminary report of a continuing study of foreign market outlets and competition with United States tobacco, conducted under provisions of the Research and Marketing Act.

Table 1.--Austria: Supplies of tobacco by sources made available in Austria, 1935-39 average, and 1946 through 1949

Year	Domestic production 1/	Imports			Total all sources
		United States	Oriental countries 2/	All other	
	<u>Million pounds</u>	<u>Million pounds</u>	<u>Million pounds</u>	<u>Million pounds</u>	<u>Million pounds</u>
Prewar					
1935-39 average....	3/	1.0	9.2	9.6	19.8
1946.....	0.2	0.0	2.4	0.8	3.4
1947.....	0.3	0.2	3.3	2.8	6.6
1948.....	0.6	4.7	3.3	2.1	10.7
1949.....	0.8	9.9	15.6	7.3	33.6

1/ Approximate storage order weights.

2/ Oriental-type tobacco producing countries; principally Turkey, Greece, and Bulgaria.

3/ Negligible.

The increase in volume of imports has greatly improved the Monopoly's stock position, and has enabled larger production of tobacco products. Stocks on July 1, 1950, were estimated at 23 million pounds, which are about three times as large as July 1, 1949, stocks. As a result of greatly increased imports of tobacco from sources other than the United States, three-fourths of the July 1, 1950, stocks were other than United States tobacco and only one-fourth United States leaf. This is a contrast to the situation in July 1949, when close to one-half of stocks held by the Monopoly were of United States tobaccos.

As regards production of products, it is expected that leaf used in their manufacture in 1950 will total about 18 million pounds. This quantity would be substantially higher than the annual utilization in 1948 and 1949, and would be nearly double the 1947 level. However, it would still be below the 1935-39 average of about 22.8 million pounds.

Leaf used in the production of cigarettes in 1950 accounted for about three-fourths of total utilization, as compared to only about one-half of the total in prewar years. There has been some increase since 1947 in tobacco used in the production of other products, but quantities have been substantially below the prewar level.

Table 2.--Austria: Utilization of tobacco in the manufacture of products in Austria, 1935-39 average, and 1946 through 1950

Products	1935-39 average	1946	1947	1948	1949	Estimated 1950
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
Cigarettes.....	11.83	5.48	8.13	10.81	10.54	13.70
Cigars:						
Italian type.....	.59	.12	.12	.13	.28	.30
Other.....	.64	.57	.57	.66	.61	.57
Smoking Mixtures:						
For cigarettes....	2.38	.09	1/	1/	1/	.33
For pipe.....	6.50	.38	.44	.99	3.06	2.79
Chewing and Snuff:	.81	.10	.10	.15	.24	.31
Total 2/.....	22.75	6.74	9.36	12.74	14.73	18.00

1/ Less than 5,000 pounds.

2/ It will be noted that consumption of leaf exceeds new supplies available during the 1935-39 period as shown in the preceding tabulation. The difference of approximately 3 million pounds annually is due to withdrawals from stocks during the period.

In its postwar production and sale of cigarettes the Austrian Tobacco Monopoly has promoted modified oriental types and a low quality blended-type cigarette. Prices for these products have been held substantially below prices for straight oriental and United States blended-type cigarettes. The modified oriental cigarettes which for the past 3 years have accounted for 50 percent or more of the Monopoly's output are blends containing 70 to 90 percent Oriental leaf and 10 to 30 percent United States types, principally flue-cured but in some instances small portions of Burley tobacco. The cigarettes are essentially an oriental-type product, but have some of the characteristics of straight flue-cured and United States blended-type cigarettes.

By promoting modified oriental-type cigarettes the Monopoly has been in a position to shift to more or less United States tobacco, depending on available supplies of the leaf. Limited dollar exchange and high prices for United States tobacco have now resulted in decreased utilization. In August 1950 one of the modified oriental-type cigarettes (the Donau) containing only about 10 percent United States tobacco accounted for 46 percent of total cigarette sales by the Monopoly. Sales of the modified oriental types with high proportions of United States tobacco (the Austria 2 and Austria C) had declined from the preceding year.

The Monopoly's low quality blended cigarette (the Austria 3) has increased in popularity and in August 1950 represented about 29 percent of sales. The proportion of United States leaf used in this cigarette, however, decreased from about 50 percent in July 1949 to less than 20 percent in August 1950. The decrease in United States leaf was made up by increased use of leaf from India, Latin America, Italy, and other sources. Sales of the Monopoly's United States blended cigarette (the Jonny) have continued to decline during the past year, and sales of its three brands of straight oriental cigarettes (Memphis, Sport and Dames) have increased.

Table 3.--Austria: The percentage of the different types of cigarettes in total sales, 1935-39 average, and for July 1947, 1948, 1949 and for August 1950

Type of cigarette	1935-39 average	July 1947	July 1948	July 1949	August 1950
	Percent	Percent	Percent	Percent	Percent
United States blended:	4	1/	25	10	3
Straight Oriental....:	96	30	2	12	14
Modified Oriental....:	-	50	60	53	54
Other blended.....:	-	20	13	25	29
	100	100	100	100	100

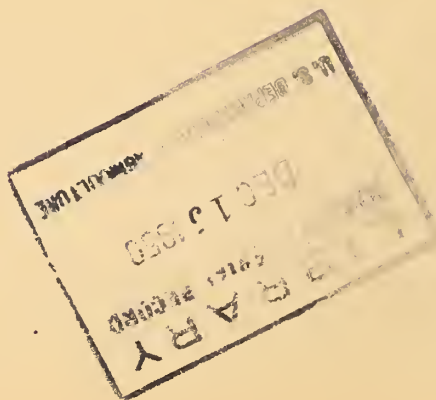
1/ There was no production of strictly American-blended cigarettes, but most of the modified oriental and other blended cigarettes contained United States leaf.

The Monopoly's production and sales of smoking tobacco have been maintained during the past year, but the proportion of United States leaf used in production has declined. Until August 1950 the output was entirely of mixtures suitable principally for pipe smoking. In August the Monopoly introduced a new brand made exclusively of Oriental tobacco and for use in "roll-your-own" cigarettes. It is reported that sales of the new product have increased rapidly, but by the end of September they had not resulted in lower sales of pipe mixtures.

Cigar production and consumption has not changed materially during the past 3 years. For 1949 and through August 1950 about one-third of the total has been Italian fire-cured type of cigars made principally from United States fire-cured leaf. Other cigars have contained substantial proportions of United States cigar binder and wrapper leaf. Because of price considerations United States wrappers and binders have been used in place of Sumatra and Java.

Black market sales in Austria of illegally imported tobacco products, almost entirely cigarettes, have been reduced during the past year. Black market sales of cigarettes in August 1950 were estimated to be only about 7 percent total cigarette sales in the country, as compared with 12 percent in August 1949. The decline has been principally in sales of United States brands. It is

estimated that in August 1950 United States brands accounted for less than one-third of total black market sales, as compared to over one-half in August 1949. Of current black market sales of cigarettes about two-thirds are low-quality oriental-type cigarettes, principally from Bulgaria.





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FORECAST WORLD 1950-51 TOBACCO HARVEST SLIGHTLY ABOVE 1949-50

The World's tobacco harvest during the 12 months, July 1950 through June 1951, is now forecast at 7,220 million pounds, as compared with a revised estimate of 1949-50 production of 7,100 million pounds and the prewar average, 1935-39, output of 6,597 million pounds. The world crop now is forecast at approximately 2 percent above the revised 1949-50 output.

Moderate increases in production in a number of important tobacco producing countries throughout the world accounts for the larger harvests forecast for 1950-51. A somewhat larger output of leaf tobacco is forecast for every major geographical area of the world, except North America where a slight decline is indicated. However, since this forecast includes production in the torrid and south temperate zones where 1950-51 harvests occur during the first half of 1951, world production may vary substantially from the above forecast.

The 1950-51 production of flue-cured leaf, the principal type entering world trade, will be larger than the 1949-50 harvest. Larger crops are expected in most major producing countries including the United States, Southern Rhodesia, China, India and Japan. Increased world demand for this type of leaf has also encouraged an expansion in flue-cured production in numerous other countries throughout the world.

It is estimated that the 1950-51 harvest of Oriental or Turkish type tobacco, another important type entering world trade, will be below the 1949-50 output. Moderate increases in production in Greece and certain minor producing countries are offset by declines estimated for Turkey and the Balkan countries.

The world production of light air-cured types including Burley, which represent an important portion of total production in many producing countries, are estimated to about equal the 1949-50 output. Declines in the production of these types in the United States are expected to be offset by moderate increases in a number of countries. The production of dark types, other than strictly cigar leaf, is expected to exceed the 1949-50 outturn. Cigar leaf production will probably be about the same as in 1949-50.

North America: An unofficial estimate of Canada's 1950 tobacco production places the crop at around 114.5 million pounds, compared with 139.8

TOBACCO: Acreage, yield per acre, and production in specified countries, average 1935-39, annual 1949 and 1950 1/

Continent and Country	Acreage Harvested		Yield per Acre 2/		Production	
	Average 1935-39	1949 3/	Average 1935-39	1949 3/	Average 1935-39	1949 3/
	acres	acres	1,000 acres	1,000 acres	pounds	pounds
NORTH AMERICA:						
Canada	69	109	103	1,282	1,113	139,820
Mexico	51	67	69	793	797	52,910
United States	1,647	1,630	1,596	1,209	1,222	1,970,376
Cuba	107	136	-	735	-	100,000
Dominican Republic	-	41	54	1,072	-	44,100
Puerto Rico	44	32	-	875	-	28,000
Estimated total 5/	1,960	2,040	2,000	-	1,710,000	2,350,000
EUROPE:						
Albania	5	-	-	-	-	-
Belgium	6	3	-	2,079	-	6,971
Bulgaria 6/	94	-	-	-	-	-
Czechoslovakia 6/	24	14	-	1,300	-	17,684
France	44	75	71	1,228	1,480	92,031
Germany 6/	33	23	32	2,254	1,720	74,355
Greece 6/	226	199	252	576	486	132,819
Hungary 6/	37	53	-	1,238	-	45,872
Italy 6/	81	136	138	1,173	1,213	95,611
Poland 6/	17	35	39	1,664	-	28,566
Rumania 6/	44	-	-	647	-	28,697
Spain	-	29	32	1,078	1,078	17,322
Sweden	1	1	1	1,735	-	30,935
Switzerland	1	2	2	1,571	-	1,061
Yugoslavia 6/	39	-	-	1,644	2,024	2,276
Estimated total 5/	680	840	920	-	37,410	65,000
U.S.S.R.						
U.S.S.R.	490	-	-	-	525,000	-
ASIA:						
Iran	32	32	44	775	760	34,542
Iraq	11	-	-	-	764	8,037
Syria 8/	13	14	20	514	-	7,276
Lebanon 8/	194	469	316	661	665	8,825
Turkey	108	137	990	460	-	128,305
Burma	1,228	1,200	-	1,000	-	107,072
China 6/	44	25	25	1,065	565	1,254,539
French Indochina	917	751	831	1,065	565	32,004
India	355	124	127	1,621	1,600	761,600
Pakistan	92	-	-	-	-	324,033
Japan	-	-	-	-	-	148,680
						186,968
						204,000

Taiwan (Formosa)	4	10	12	1,458	892	996	5,361	8,818	12,400
Korea 5/	46	49	49	1,252	1,428	1,225	57,304	70,024	60,000
Java and Madura:									
Betate	7/	38	-	976	575	-	7/	22,000	-
Native	7/	-	-	402	-	-	7/	140,298	-
Sumatra Estate	7/	13	-	988	925	-	7/	39,715	12,000
Philippine Republic	7/	116	-	427	515	-	7/	74,811	60,000
Thailand (Siam)	7/	-	-	688	-	-	7/	17,179	-
Estimated total 5/	3,750	3,500	3,500	-	-	-	3,250,000	3,000,000	3,100,000
SOUTH AMERICA:									
Argentina	34	57	81	928	915	925	31,558	52,000	75,000
Brazil	337	280	290	851	707	740	202,703	197,772	215,000
Chile	9	10	10	1,846	1,728	1,765	16,618	16,808	17,200
Colombia	37	-	-	803	-	-	29,706	34,800	-
Paraguay	22	12	15	801	1,080	1,050	17,792	12,522	16,000
Uruguay	2	-	-	825	-	-	1,254	-	-
Estimated total 5/	355	425	465	-	-	-	305,229	340,000	385,000
AFRICA:									
Algeria	56	60	78	691	735	567	58,667	44,000	44,100
Nyasaland	57	-	-	286	-	-	16,311	31,000	33,980
Madagascar	19	15	-	764	435	-	14,164	6,500	-
Northern Rhodesia	4	19	-	486	405	-	1,635	7,700	-
Southern Rhodesia	51	163	-	507	675	-	26,061	110,000	-
Tunisia	1	3	-	1,196	714	-	1,202	2,469	1,500
Union of South Africa	41	-	-	500	-	-	20,476	41,665	42,800
Estimated total 5/	245	465	500	-	-	-	125,000	260,000	280,000
OCEANIA:									
Australia	10	5	5	532	920	950	5,276	4,318	4,600
New Zealand	2	4	4	787	1,140	1,125	1,457	4,500	4,500
Estimated total 5/	12	9	9	-	-	-	6,733	8,818	9,100
Estimated World total 5/	7,492	7,800	7,920	-	-	-	6,597,000	7,100,000	7,220,000

1/ Year beginning July 1. For north temperate zone countries, harvests July through October of the year shown; for all other countries, harvests November and December of the year shown and January through June of the following year. 2/ Some yields are calculated from detailed acreage and production estimates rather than estimates rounded to the nearest thousand. 3/ Preliminary. 4/ Exports, production data not available. 5/ Totals include approximations for countries not listed and for countries listed where data are not available. 6/ Data for 1935-39 not comparable with subsequent years. Data for 1949 and 1950 are for postwar areas. In the case of Germany, data for 1949 and 1950 are for Western Germany only. For Korea, 1949 and 1950 data are for South Korea only. In the case of China, postwar data are for all China except Manchuria, 1935-39 data are for Free China only. 7/ Less than a 5-year average. 8/ Separate data for Syria and Lebanon not available for 1935-39.

Office of Foreign Agricultural Relations. Official estimates of foreign countries, reports from U.S. Foreign Service Officers, results of office research and other information.

million pounds in 1949. The lower production in 1950 resulted from a smaller harvested acreage and a per acre yield approximately 13 percent below the high 1949 level. The estimated 1950 production is about 18 percent below the 1949 harvest but still 50 percent above the 1935-39 average of about 77 million pounds.

The United States crop was forecast as of October 1 at 1,950 million pounds from 1,596,000 acres, as compared with 1,970 million pounds from 1,630,000 acres in 1949 and the prewar, 1935-39, annual average of 1,460 million pounds from 1,647,000 acres. The 1950 estimated production of flue-cured leaf of 1,196 million pounds is about 7 percent above the 1949 harvest of 1,115 million pounds. A decline of 22 percent is indicated for fire-cured leaf, 13 percent for Burley, 7 percent for Maryland, and 18 percent for dark air-cured. An insignificant increase is estimated for cigar leaf.

The acreage for harvest in the early months of 1951 in Mexico, Central America and the Caribbean countries is expected to be somewhat below that of 1950. Some increase is indicated for the Dominican Republic and Mexico, but this should be more than offset by a decline forecast for Cuba.

For all of North America, the 1950-51 production of tobacco is forecast at 2,285 million pounds from 2,000,000 acres, as compared with 2,350 million pounds from 2,040,000 acres in 1949-50 and a prewar, 1935-39, annual average of 1,710 million pounds from 1,960,000 acres.

Europe: The 1950 production of tobacco in Europe, excluding the Soviet Union, is estimated slightly above the 1949 outturn. Increases over 1949 are indicated for France, Germany, Greece, Italy, Poland, Spain and Switzerland. Lower production is reported for Belgium, Bulgaria, Hungary, Rumania and Yugoslavia. Earlier forecasts indicated an increase in acreage and production for the Balkan countries, but an extended drought which prevailed in that area during the growing season has resulted in much lower production estimates. The total 1950 production for Europe is now estimated at 720 million pounds from 920,000 acres, as compared with a 1949 production of 700 million pounds from 840,000 acres and the prewar, 1935-39, average of 675 million pounds from 680,000 acres.

Soviet Union: Authentic information on tobacco production in the Soviet Union in recent years is not available, but rough estimates indicate an output in 1950 of about 5 percent above 1949 but still approximately 15 percent below the prewar average production of around 525 million pounds.

Asia: Reliable estimates of China's 1950 production are unavailable, but fragmentary reports indicate a tobacco crop somewhat above the 1949 output estimated at 1,200,000 pounds. Increases over 1949-50 are also reported for Japan, Taiwan, Indonesia, and the Philippine Republic. In most of the other tobacco producing countries of East and Southeast Asia little change from the previous years level of production is expected. Turkey's 1950 crop is estimated at 210 million pounds, or only slightly below the 1949 outturn of about 215 million pounds. For other Asia Minor countries, including Iran, Iraq, Syria and Lebanon, which produce tobacco somewhat comparable in type to Turkish leaf, 1950 harvests are reported to be somewhat

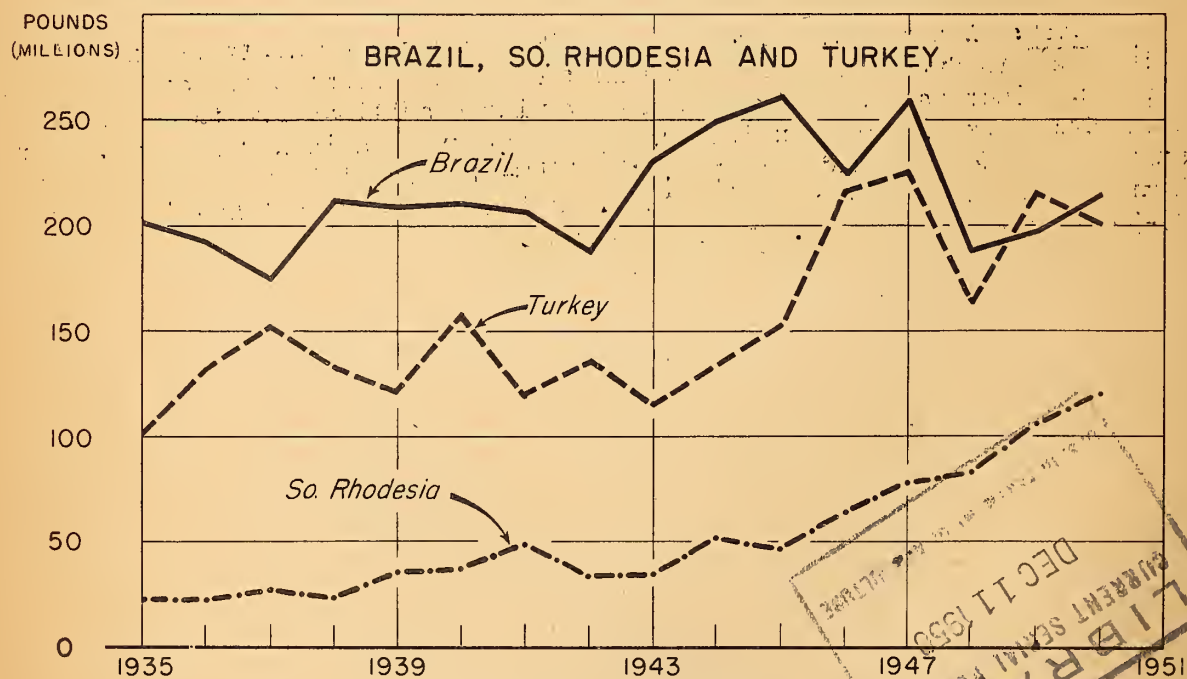
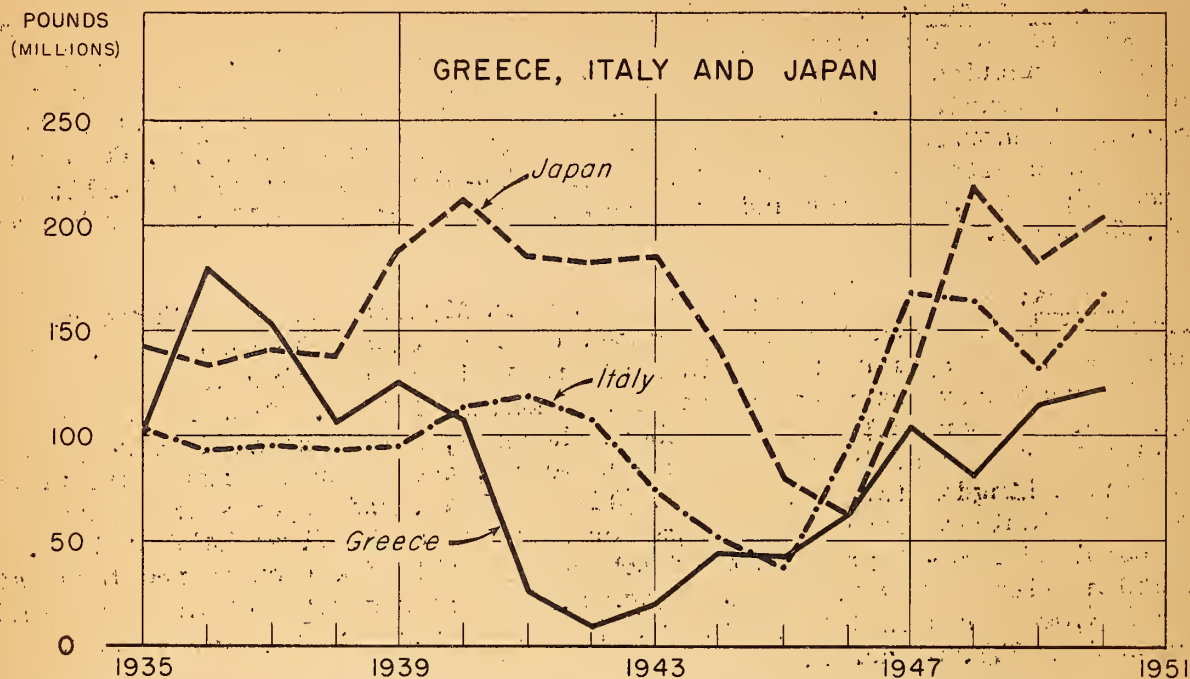
above 1949. For all of Asia, 1950-51 harvests are now forecast at 3,100 million pounds from 3,500,000 acres, as compared with 3,000 million pounds from 3,500,000 acres in 1949-50 and the prewar average of 3,250 million pounds from 3,750,000 acres.

South America: Reports indicate higher tobacco acreage and production for some of the important South American producing countries. Provided growing conditions remain favorable somewhat higher yields are also expected in certain countries. Combined 1950-51 production of tobacco in all South American countries is now forecast at 385 million pounds from 465,000 acres, as compared with the revised estimate of 1949-50 production of 340 million pounds from 425,000 acres and the 1935-9 average of 305 million pounds from 355,000 acres.

Africa: The 1950 harvests of tobacco in Algeria and other Northern Africa producing countries is estimated to about equal the 1949 crops. The harvests in the spring of 1951 in Southern African producing countries are now forecast above harvests in the early months of 1950. Growers in British Empire areas, particularly in Southern Rhodesia, have continued to respond to high leaf prices, increasing export demand, and assured market outlets in the United Kingdom for increased supplies of leaf, and reports from these areas now indicate larger plantings for harvest in the first half of 1951. The combined 1950-51 production of tobacco for all of Africa is now forecast at 280 million pounds from 500,000 acres, as compared with 260 million pounds from 465,000 acres in 1949-50 and the prewar average of only 125 million pounds from 245,000 acres.

Oceania: A somewhat larger harvest is forecast for Australia in 1950-51. The increase is due to some increase in the acreage planted to tobacco and to an expected increase in yield provided growing conditions are favorable. Little change is expected in the acreage or production in New Zealand. For Australia and New Zealand combined, the 1950-51 harvest is now forecast at 9.1 million pounds, as compared with 8.8 million pounds in 1949-50 and the 1935-39 average of about 6.8 million pounds.

TOBACCO PRODUCTION IN SPECIFIED COUNTRIES 1935 - 50*



*1949 AND 1950 ARE PRELIMINARY

The pattern of tobacco production in Japan, Greece and Italy over the past 15 years are good examples of the fluctuations which have occurred in war torn countries. Production declined substantially during the war, but has since increased to about the prewar level or above.

Southern Rhodesia, Turkey and Brazil are examples of the pattern of tobacco production in countries which were not directly affected by the war. In Southern Rhodesia and Turkey, production has shown a marked upward trend over the past 15 years. Brazil's production has fluctuated more widely but also shows an upward trend.



FOREIGN AGRICULTURE CIRCULAR

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UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C.

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FOREIGN MARKET NOTES--TOBACCO

The Market for United States Tobacco in Ireland Continues Favorable ^{1/}

by J. Barnard Gibbs
Marketing Specialist

Sales of United States tobacco to Ireland in 1949 and 1950 have been at record levels, and sales for the next few years are expected to continue to exceed the prewar average. The Irish Government has followed a policy of minimum interference in the country's tobacco trade. Manufacturers in Ireland have been permitted to increase stocks of United States leaf to an adequate level and to supply consumers with an increasing volume of quality products made exclusively from United States tobacco.

The import duty preference on leaf tobacco from British Empire sources of 1 shilling, 6½ pence (22.5¢ U. S. currency) per pound which was granted on July 12, 1947, was rescinded on July 31, 1950. Limitations on withdrawals of leaf from bond for use in manufacture, which had been in effect since the war years, were abolished on July 14, 1950. Relatively high import duties on leaf have been maintained, but unlike many countries in Western Europe, Irish import duties and other Government assessments on tobacco and tobacco products have not been increased exorbitantly for the purpose of restricting imports and consumption.

Production of tobacco in Ireland in 1949 and 1950 continued to be unimportant and supplies of leaf were almost entirely from imports. Imports in 1949 reached a record total of 22.7 million pounds, of which 22.3 million were from the United States--mostly flue-cured leaf. It is estimated that imports in 1950 will total about 16.3 million pounds and will include only 0.3 million from sources other than the United States. Despite the decline in 1950, imports for the year will be one of the largest on record and approximately one-third larger than the prewar 1935-39 average of 12.3 million pounds.

^{1/} Preliminary report of a continuing study of foreign market outlets and competition with United States tobacco, conducted under provisions of the Research and Marketing Act. Mr. Gibbs acknowledges the help given him by the Staff of the United States Embassy in Dublin.

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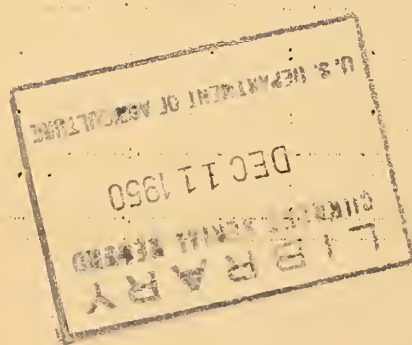
Large imports have been needed to replace depleted stocks and to provide for increased consumption. Consumption in 1949 totaled 14.1 million pounds and is expected to reach 15.0 million pounds in 1950. As a result of the removal of restrictions on manufacturers' withdrawals of leaf from bond, consumption in 1951 may exceed the 1950 level. An increase of only about one million pounds is expected; however, since prior to the removal of restrictions on withdrawals, manufacturers were permitted to obtain sufficient leaf to meet practically all consumer demand.

As a result of the large imports in 1949 and 1950, stocks of leaf in the country have increased substantially. On July 1, 1950 they totaled about 30 million pounds, or approximately two years' requirements. On a consumption duration basis, however, they were somewhat below the prewar level.

Most of the imports from the United States during the past three years have been financed with funds made available by the Economic Cooperation Administration. As funds from this source are reduced and eventually stopped, a shortage in dollar exchange could curtail leaf imports from the United States. Manufacturers and government officials, however, are hopeful for an improvement by that time in the convertibility of Irish pounds for dollars. Should this occur the country would be able to continue sufficient imports from the United States to meet consumers' requirements. Collections from the import duty on leaf tobacco represent over 20 percent of the total revenue obtained by the National Government, and as a consequence it is expected that the Government will continue to be as lenient as possible in allowing dollar exchange for the purchase of United States leaf.

Table 1. - Ireland: Imports of leaf tobacco, prewar (1935-1939) average, 1946 through 1949, and forecast for 1950

Country	1935-39:					Forecast
	Average:	1946	1947	1948	1949	1950
	Million:	Million:	Million:	Million:	Million:	Million:
	pounds:	pounds	pounds	pounds	pounds	pounds
United States	11.0	15.3	14.2	12.3	22.3	16.0
All Others	1.3	.2	.2	.2	.4	.3
TOTAL	12.3	15.5	14.4	12.5	22.7	16.3





FOREIGN AGRICULTURE CIRCULAR

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UNITED STATES DEPARTMENT OF AGRICULTURE
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FOREIGN MARKET NOTES--TOBACCO

Market for United States Tobacco in Switzerland 1/

by J. Bernard Gibbs
Marketing Specialist

Tobacco production in Switzerland has declined from the record wartime crops, and for the past two years over 80 percent of the country's supply of leaf has been imported. Approximately one-half of the imports have been from the United States, and it is expected that this proportion will be maintained provided prices for the tobacco are brought in line with supplies available from other sources. The volume of total imports since 1945 has been far above prewar years as a result of increased domestic consumption, larger exports of tobacco produced, and the rebuilding of depleted stocks. As stocks are increased to desired levels, imports will likely decline, but they are expected to continue substantially above those of prewar years.

The demand for different types of United States leaf has shifted substantially. In prewar years fire-cured types, used principally in various kinds of Swiss cigars, accounted for more than one-half of total imports from the United States. Most of the remainder was Maryland leaf used in cigarettes. There were small quantities of flue-cured for use in pipe mixtures and cigarettes, but only insignificant purchases of Burley and cigar leaf. Since the war, increased consumption of cigarettes has resulted in larger purchases of Maryland, flue-cured and Burley tobacco. The country's inability to obtain its usual supplies of cigar wrappers and binders from Indonesia has also resulted in increased imports of United States cigar types. Purchases of United States fire-cured were larger from 1946 through 1948 as a result of stock replacement. They had declined, however, during the past two years and, in view of lower consumption of products in which the leaf is used, imports of it are expected to continue to decline.

1/ Preliminary report of a continuing study of foreign market outlets and competition with United States tobacco, conducted under provisions of the Research and Marketing Act. Mr. Gibbs acknowledges the help given him by the Staff of the United States Embassy at Bern.

The purchase of United States tobacco by Switzerland is governed by the demand for the leaf in various products and price relationships with competitive tobacco from other sources. There is no restriction on dollar exchange or other Government controls to limit purchases. Profits to tobacco manufacturers immediately following the war were high, and as a consequence they purchased the kinds and qualities of United States leaf they desired, without too much consideration of price. Also, they were not interested in purchasing substitute leaf from other sources. The situation during the past two years, however, has changed materially. Consumer incomes in the country have declined somewhat. Taxes on tobacco products, other than smoking mixtures, have been increased by more than 50 percent, and manufacturers' profits have been restricted by close competition in the industry.

Current purchases of tobacco from the United States and all other sources are being maintained as most manufacturers are continuing to increase stocks. High prices for United States leaf and low profits in the industry, however, are causing them to look for increased supplies of substitute tobacco from other sources. Some flue-cured leaf is being obtained from Southern Rhodesia, Brazil, and other sources. Substitutes for United States fire-cured are being purchased in Latin America, and limited quantities from various sources are being obtained to supplement Maryland leaf in the traditional Swiss-type cigarette.

Official imports statistics published in Switzerland only give clearances from bond; consequently they more nearly reflect utilization by manufacturers than total imports, which would include quantities held in bond.

Table 1. - Switzerland: Import data and supplies of domestic leaf used by manufacturers, 1935-39 average, 1946 through 1949, and forecast for 1950

Year	Imported Leaf					Domestic	
	United States	Oriental Type Countries ^{1/}	Latin America	Other	Total Imported	Leaf Used	Total All
	Million Pounds						
1935-39	6.2	1.7	3.8	4.1	15.8	1.9	17.7
1946	8.3	2.3	7.3	1.4	19.3	4.0	23.3
1947	10.7	2.8	7.9	0.9	22.3	4.2	23.3
1948	11.9	2.9	6.8	1.3	22.9	4.0	26.9
1949	10.7	2.7	5.6	1.2	20.2	3.8	25.4
1950 ^{2/}	11.0	3.0	5.0	2.5	21.5	3.5	25.0

^{1/} Principally from Turkey, Greece and Bulgaria.

^{2/} Forecast from information available through August 1950.

Since 1946, tobacco used in the manufacture of products in Switzerland has been about 50 percent above the prewar level. Much larger production of cigarettes, both for domestic consumption and export, has accounted for the increase. The production of cigars and pipe tobacco increased immediately following the war but has subsequently declined. Postwar production of chewing and snuff tobacco has been below prewar.

For the future it is anticipated that cigarette production will be maintained or possibly increased if exports approximating the volume of recent years are continued. The production of cigars as well as chewing and snuff tobacco will probably continue to decline, and the production of smoking mixtures will likely increase.

Table 2. - Switzerland: Quantities of leaf used in the production of various products, 1935-39 average, and 1946 through 1949:

Year	Cigars	Pipe Tobacco	Cigarettes	Chewing & Snuff	Total
<u>Million Pounds</u>					
1935-39	8.1	4.2	4.8	0.1	17.2
1946	9.1	4.5	9.7	0.1	23.4
1947	10.1	3.7	12.6	0.1	26.5
1948	9.3	3.8	13.9	<u>1/</u>	27.0
1949	8.2	3.8	14.3	<u>1/</u>	26.3

1/ Less than 50,000 pounds.

In the cigarette field the typical Swiss-type Maryland cigarette and the Oriental cigarette still predominate. Since the war, however, the production of the United States blended cigarette and the straight Virginia type have increased substantially. There has also been a sharp increase in the output of low quality cigarettes made from domestic leaf.

Table 3. - Switzerland: The percentage of various types of cigarettes produced in 1949 and price ranges at which they were sold:

Price Range 1/ U.S.Cents Per 20	Total in Price Class	Domestic 2/	Mary- land	Oriental	U. S. Blended	Flue- cured
			Percent			
13.8-18.4	18.9	18.9	0	0	0	0
20.7-25.3	72.6	0	38.6	11.2	12.2	10.6
26.4-32.2	8.1	0	<u>3/</u>	6.5	0.1	1.5
34.5-39.1	0.3	0	0	0.3	<u>3/</u>	0
43.7 & over	0.1	0	0	0.1	0	<u>3/</u>
Totals	100.0	18.9	38.6	18.1	12.3	12.1

1/ No cigarettes are sold at prices not included within the ranges indicated.

2/ Cigarettes made entirely or almost entirely from domestic leaf.

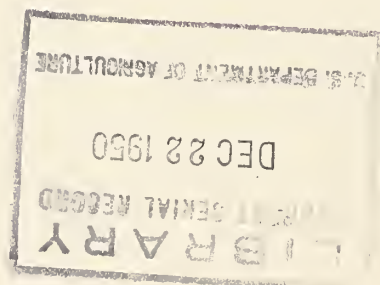
3/ Less than 0.05 percent.

Future trends in the production of different types of cigarettes are difficult to predict. Currently the production and sale of Maryland and Virginia types are increasing. The output of other types including the United States blended cigarette, for which production increased sharply immediately following the war, is now declining. It is probable that existing trends will be continued for the near future, with probably the greatest increase occurring in the Maryland type and the greatest decline in Oriental cigarettes.

Prices of leaf needed in the production of the various cigarettes will be an important factor in determining future trends. As a result of lower purchasing power, consumers are becoming more price conscious, and low profits to manufacturers are causing them to promote cigarettes containing low priced tobacco that can be used in place of United States and Oriental leaf.

Continued competition in the cigarette industry is assured by the tax system followed by the Swiss Government for tobacco products. All manufacturers are subject to uniform tax rates but tax refunds are made to individual concerns according to their output. Manufacturers producing the largest volume of cigarettes receive no refunds, but the smaller concerns, some of which use hand-operated equipment, are refunded as much as 90 percent of the tax. Under this system no single company can monopolize the industry and close price competition is maintained.

Switzerland has no export of leaf tobacco since its low-quality and high-priced domestic leaf cannot compete in foreign markets with tobacco from other sources. In tobacco products, Switzerland's export of cigars and smoking mixtures is limited to relatively small amounts that represent only an insignificant portion of quantities produced. In the case of cigarettes, however, it is estimated that over one-fourth of the annual output is exported, principally to Italy. Of the quantity sent abroad, something less than one-half is reported in official trade statistics. The balance is moved through black market channels. In both the regular and black market trade the bulk of the cigarettes are low quality products made largely from Swiss grown leaf.





FOREIGN AGRICULTURE CIRCULAR

OFFICE OF FOREIGN AGRICULTURAL RELATIONS
UNITED STATES DEPARTMENT OF AGRICULTURE
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UNITED STATES TOBACCO EXPORT SITUATION

For all types combined, exports of United States unmanufactured tobacco for the marketing year 1949-50 were slightly higher than in 1948-49.^{1/} For most types, however, exports were below the level of the previous year. Substantially larger shipments of certain types thus accounted for the overall increase. This gain was made in spite of continued restrictions by most importing countries on the use of dollar exchange for the purchase of tobacco from the United States, intensified efforts to increase exports on the part of certain soft currency surplus producing countries, and the continued endeavor on the part of many of the major importing countries to expand their own production and to shift imports from the United States to soft currency surplus producing countries. The improvement of the United States position resulted from increasing consumption of tobacco products in leaf importing countries, their inability to obtain greatly increased supplies from domestic production and soft currency areas, the necessity in many countries for rebuilding depleted stocks, and from the financing of much of the United States exports with ECA funds.

Exports of United States unmanufactured tobacco during the 3-month period, July-September 1950, totaled 144,268,000 pounds, or 15 percent below the 169,292,000 pounds shipped during the corresponding period of 1949, but 39 percent above the 103,524,000 pounds exported during April-June 1950. The relatively small volume shipped during July-September 1950 resulted in a further decline in leaf stocks in many important tobacco importing countries. In a number of countries stocks of United States leaf are very low and imports are going almost immediately into the manufacture of products. The primary factor contributing to the decline in exports during July-September 1950 as compared to the corresponding period of 1949 was the smaller volume shipped to the United Kingdom. Exports to that country, which consisted almost entirely of flue-cured leaf, totaled 58,279,000 pounds during the third quarter of 1950 or 30 percent below the 83,620,000 pounds shipped during the corresponding period of 1949.

Continental Europe was the most important outlet for United States tobacco exports during July-September 1950, taking 64,508,000 pounds, or 45 percent of the total. This compares with 65,575,000 pounds during the corresponding period of 1949. Exports to the United Kingdom and Ireland were only slightly below shipments to continental Europe. Shipments to

^{1/} Flue-cured marketing year July-June; all other types October-September.

that area totaled 64,349,000 pounds during July-September 1950, compared with 88,045,000 pounds during the corresponding quarter of 1949. Exports to other areas of the world during the third quarter of 1950 were as follows: Africa, 3,735,000 pounds; Asia, 6,286,000 pounds; Australia and New Zealand, 3,603,000 pounds; Latin America, 1,734,000 pounds; and other areas, 53,000 pounds. This compares with July-September 1949 shipments to Africa of 5,427,000 pounds; Asia, 4,832,000 pounds; Australia and New Zealand, 3,376,000 pounds; Latin America, 1,903,000 pounds; and other areas, 134,000 pounds.

The Outlook for exports of United States leaf tobacco for the next quarter of 1950 (October-December) appears generally favorable. Continued high or increasing consumption of tobacco products, coupled with low stocks of leaf, particularly stocks of United States leaf, in most tobacco importing countries, make it necessary for these countries to maintain or increase imports if the volume and character of products made available to consumers is to be maintained. Also, the desired quantities and qualities of leaf are not available in other surplus producing countries. Improved economic conditions in many tobacco importing countries should make it more nearly possible for those countries to purchase the leaf tobacco needed to fulfill their consumption requirements.

Exports by Types

Exports of flue-cured leaf during the first three months (July-September) of the 1950-51 flue-cured marketing year totaled 117,838,000 pounds, compared with 138,532,000 pounds during the corresponding quarter of 1949-50. For the entire 1949-50 marketing year (July 1949-June 1950) exports totaled 387,118,000 pounds, or 15 percent above exports of 337,247,000 pounds during the 1948-49 marketing year. Low stocks and continued high demand for straight Virginia and United States type blended cigarettes are resulting in an increased demand for flue-cured leaf. Stocks of United States flue-cured are very low in most importing countries and the world effective demand for this type of leaf would be considerably greater if it were not for restrictions on trade by the principal tobacco importing countries.

Burley exports for the 1949-50 marketing year totaled 35,631,000 pounds, or slightly below the 36,519,000 pounds shipped during 1948-49 but more than treble the prewar (1934-35 through 1938-39) annual average of 10,900,000 pounds. The increased manufacture of blended cigarettes in a number of foreign countries has resulted in a substantial increase in the export demand for this type of leaf as compared with prewar. However, most foreign manufacturers still use only a relatively small percentage of Burley in their blended cigarettes.

Exports of fire-cured leaf during October 1949-September 1950 totaled 27,097,000 pounds, composed of 20,246,000 pounds of Kentucky and Tennessee fire-cured, and 6,851,000 pounds of Dark Virginia leaf. This compares with exports during the 1948-49 marketing year of 31,994,000 pounds of Kentucky and Tennessee fire-cured leaf and 5,777,000 pounds of Dark Virginia. Decreased consumer demand for products made from this type of leaf and...

increased production of similar types in a number of importing countries as well as in other surplus tobacco producing countries have contributed to a lower demand for United States fire-cured leaf.

In addition to flue-cured, Burley and fire-cured, United States exports of other types during October 1949-September 1950 were as follows: Maryland, 7,123,000 pounds; Green River, 1,031,000 pounds; One-Sucker, 2,131,000 pounds; Black Fat, 3,231,000 pounds; Cigar Leaf, 9,706,000 pounds; Perique, 98,000 pounds; and Stems and Scrap, 3,066,000 pounds. This compares with exports during the 1948-49 marketing year as follows: Maryland, 8,919,000 pounds; Green River, 3,055,000 pounds; One-Sucker, 6,208,000 pounds; Black Fat, 5,171,000 pounds; Cigar Leaf, 20,688,000 pounds; Perique, 32,000 pounds; and Stems and Scrap, 7,730,000 pounds.

By Clarence E. Pike, based in part upon U.S. Foreign Service Reports and other data.

TOBACCO (unmanufactured): Exports from the United States by types,
1949-50 marketing year with comparisons 1/

(Export Weight)

Types	Totals for Marketing Years				
	Average				
	1934-35	1946-47	1947-48	1948-49	1949-50
	1938-39				
	1,000	1,000	1,000	1,000	1,000
	pounds	pounds	pounds	pounds	pounds
Flue-cured.....	318,865	480,586	312,804	337,247	387,118
Burley.....	10,900	43,471	23,987	36,519	35,631
Kentucky-Tennessee :	:	:	:	:	:
Fire-cured.....	51,389	22,635	17,785	31,994	20,246
Dark Virginia.....	9,503	7,097	7,968	5,777	6,851
Maryland.....	5,189	5,454	7,031	8,919	7,123
Green River.....	3,030	1,545	754	3,055	1,031
One Sucker.....	886	2,023	1,137	6,208	2,131
Black Fat.....	8,974	4,350	5,293	5,171	3,231
Cigar Leaf.....	1,380	4,997	6,405	20,688	9,706
Perique.....	129	172	93	32	98
Stems and Scrap.....	19,497	15,891	10,650	7,730	3,066

1/ Flue-cured marketing year July-June, all other types October-September. The data include stemmed and unstemmed leaf. The two kinds are combined as reported, i.e., stemmed leaf has not been converted to an unstemmed basis.

Compiled from official records of the Bureau of the Census, U.S. Department of Commerce.

TOBACCO (unmanufactured): Exports from the United States
to designated regions, total and by types,
July-September 1950 with comparisons 1/

(Export weight)

Region	All types		Flue-cured		Burley		Kentucky-Tenn. Fire-cured	
	1949	1950	1949	1950	1949	1950	1949	1950
	pounds	pounds	pounds	pounds	pounds	pounds	pounds	pounds
United Kingdom & Ireland.....	88,045	64,349	87,858	64,297	109	1	1	5
Cont'l Europe....	65,575	64,508	39,636	41,851	10,940	11,164	8,078	4,865
Africa.....	5,427	3,735	2,401	1,348	361	249	563	636
Asia.....	4,832	6,286	4,707	5,840	11	0	59	0
Australia & New Zealand....	3,376	3,603	3,141	3,475	0	0	19	34
Latin America....	1,903	1,734	789	1,027	1,014	512	47	90
All other.....	134	53	0	0	0	0	42	15
Total.....	169,292	144,268	138,532	117,838	12,435	11,926	8,809	5,645
Region	Dark Virginia		Maryland		Green River		One Sucker	
	1949	1950	1949	1950	1949	1950	1949	1950
	pounds	pounds	pounds	pounds	pounds	pounds	pounds	pounds
United Kingdom & Ireland.....	48	3	0	0	0	0	0	0
Cont'l Europe....	1,390	1,340	2,044	1,350	85	97	674	107
Africa.....	37	19	0	0	141	110	604	228
Asia.....	33	37	0	0	0	0	0	0
Australia & New Zealand....	210	94	0	0	0	0	0	0
Latin America....	6	0	1	2/	0	9	19	16
All other.....	0	0	0	0	0	0	0	0
Total.....	1,724	1,493	2,045	1,350	226	216	1,297	351
Region	Black Fat		Cigar Leaf		Perique		Stems and Scrap	
	1949	1950	1949	1950	1949	1950	1949	1950
	pounds	pounds	pounds	pounds	pounds	pounds	pounds	pounds
United Kingdom & Ireland.....	0	0	25	5	4	20	0	18
Cont'l Europe....	28	0	2,380	2,747	18	31	302	956
Africa.....	1,199	951	88	23	0	0	33	171
Asia.....	0	0	15	73	0	0	7	336
Australia & New Zealand....	0	0	6	0	0	0	0	0
Latin America....	20	11	7	65	0	0	0	4
All other.....	8	12	84	25	0	0	0	1
Total.....	1,255	974	2,605	2,938	22	51	342	1,486

1/ Data include stemmed and unstemmed leaf. The two kinds are combined as reported, i.e., stemmed leaf has not been converted to an unstemmed basis. 2/ Less than 500 pounds.

Compiled from official records of the Bureau of the Census, U.S. Department of Commerce.

1. The first part of the report is a summary of the work done during the year.
 2. The second part is a detailed account of the work done during the year.
 3. The third part is a summary of the work done during the year.

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FOREIGN MARKET NOTES--TOBACCO

The Position of United States Tobacco in the United Kingdom Market 1/

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Imports, consumption and stocks of United States tobacco in the United Kingdom are below the level of a year ago. There are some prospects for favorable changes in these respects and it is important to United States growers that they not be delayed. Delays could result in a greatly reduced market in the United Kingdom which for many past years has been one of the principal outlets for United States flue-cured tobacco. Improvement in the position will require a relaxation of the United Kingdom's policy of restricting dollar exchange for the purchase of United States tobacco and United States suppliers making available in 1951 and subsequent years adequate quantities of suitable flue-cured leaf at prices competitive with substitute tobacco available from other sources.

As a result of relatively short supplies of United States flue-cured leaf and the United Kingdom Government's policy of restricting dollar exchange for the purchase of United States products including tobacco and favoring increased imports from British Empire countries and other soft currency areas, the United States share in the country's total import of tobacco has dropped substantially. It has declined from about three-fourths of the total import in pre-war and immediate post-war years to about one-half of the 1949 total. For 1950, records of imports through August and purchases for imports during the remainder of the year indicate that less than one-half of the total will be from the United States. The volume obtained from the United States in 1950 will be lower than for any recent year and its percentage of total tobacco imports likely will be the lowest on record.

As a result of continued consumer preference for United States flue-cured tobacco, its use in the United Kingdom in the manufacture of products for domestic consumption and export has not declined as rapidly as imports into the country. For the 12 months ending June 1949, when total utilization of tobacco in the United Kingdom was at about the pre-

1/ Preliminary report of a continuing study of foreign market outlets and competition with United States Tobacco, conducted under provisions of the Research and Market Act.

war level, the use of United States leaf, principally flue-cured, was only about 10 percent below pre-war. During the fiscal year 1949-50 it dropped another 10 percent. A further decline is anticipated in 1950-51, but quantities used are expected to continue above imports. The difference between imports and utilization has been and is still being made up by withdrawals from stocks. Stocks of United States leaf held in the United Kingdom have declined from nearly 200,000,000 pounds on July 1, 1948, to about 150,000,000 on July 1, 1950. This quantity is below one year's consumption requirement at the present restricted rate, as compared with July 1, 1948, stocks of over one year's requirement at a higher consumption level, and pre-war stocks of over two years' requirements.

The situation with respect to leaf from British Empire sources and from the oriental type producing countries, principally Turkey and Greece, is about the reverse of the position of United States tobacco. Imports of leaf from these sources since 1947 have materially exceeded consumption and stocks have increased. Between July 1, 1948, and July 1, 1950, stocks of flue-cured leaf from Empire sources were nearly doubled and stocks of oriental type tobacco were nearly quadrupled. On a consumption duration basis, current stocks of Empire tobacco are now close to two years' requirement at the existing increased rate of consumption, and stocks of oriental type tobacco are equivalent to nearly four years' requirements.

It is obvious that British manufacturers cannot continue much longer to use more United States leaf than they import and allow an accumulation of supplies of Empire and oriental leaf. It appears certain that if increased supplies of aged United States flue-cured leaf are not available by 1952 British manufacturers will be forced to a more rapid change-over from United States leaf to Empire flue-cured and possibly oriental leaf. If this occurs British consumers may have become so accustomed to products containing a high proportion of Empire flue-cured and oriental leaf that re-educating them to what has been the standard British products made exclusively or with high proportions of United States flue-cured leaf, will probably require several years.

Additional supplies of aged United States flue-cured leaf for British manufacture by 1952 will necessitate larger supplies from the 1951 United States crop. It will probably also be necessary that the tobacco be made available at more competitive prices. Principally as a result of devaluation of British currency, flue-cured leaf from Southern Rhodesia and other sterling areas is now available at prices substantially below those prevailing in the United States. The larger supplies are related to the need for a return to a more normal relationship of prices among grades than existed for the 1950 crop. This bears upon the competition of United States tobacco with that from other countries.

In addition to increased supplies of United States leaf at more competitive prices there would also need to be an improvement in the United Kingdom's dollar position and a willingness on the part of the United Kingdom Government to provide increased dollars for the purchase

of United States tobacco. Possibilities in this respect are not entirely discouraging. The United Kingdom's gold and dollar reserves have been increased substantially in recent months and may be increased further. Also, increased production and import into the United Kingdom of substitute tobacco from Empire countries has not resulted in a large net dollar saving for the sterling area. In the case of Southern Rhodesia rapid expansion in tobacco production and export has resulted in increased purchases from dollar areas of grains and other products that might otherwise have been produced in the country.

The following tabulation shows imports of tobacco into the United Kingdom by principal sources, 1935-39 average, 1946 through 1949, and a forecast of probable 1950 imports:

Table I - United Kingdom: Imports of tobacco,
average 1935-39, annual 1946-1950

Year	United States		Empire Areas	All Other Areas	All Sources
	Flue-cured	Other Types	All Types <u>1/</u>	All Types	Total
Million Pounds					
Average					
1935-39	198.4	2.4	63.6	4.8	269.2
1946	361.3	4.4	62.3	4.7	432.7
1947	193.9	7.3	82.0	12.4 <u>2/</u>	295.6
1948	170.6	1.6	97.3	11.1 <u>2/</u>	280.6
1949	151.1	3.1	119.7	27.7 <u>2/</u>	301.6
1950 <u>3/</u>	135.0	4.0	130.0	30.0 <u>2/</u>	299.0

1/ Principally flue-cured leaf.

2/ The increase over previous years has been oriental-type tobacco, principally from Turkey and Greece.

3/ Forecast based on imports through August and known purchases for import during the remainder of the year.

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